



**DUKE ENERGY CAROLINAS, LLC  
DUKE ENERGY PROGRESS, LLC**

**REPORT OF THE INDEPENDENT ADMINISTRATOR  
Regarding the  
STATUS OF  
TRANCHE 3**

**DUKE ENERGY CAROLINAS (DEC)**

Competitive Procurement of Renewable Energy Program (CPRE) Tranche 3  
Request for Proposals (RFP)

**DUKE ENERGY PROGRESS (DEP)**

Competitive Procurement of Renewable Energy Program (CPRE) Tranche 3  
Request for Proposals (RFP)

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**December 1, 2021**

**ACCION GROUP, LLC**  
244 North Main Street  
Concord, New Hampshire 03301  
Telephone: 603-229-1644  
Fax: 603-225-4923  
Email: [advisors@acciongroup.com](mailto:advisors@acciongroup.com)  
[www.acciongroup.com](http://www.acciongroup.com)

## I. EXECUTIVE SUMMARY

Accion Group, LLC, (“Accion”) serves as the Independent Administrator (“IA”) for the Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (DEC and DEP together “Duke”) Competitive Procurement of Renewable Energy Program (“CPRE”). Duke and Accion as IA administer the CPRE Program pursuant to N.C.G.S. 62-110.8 and North Carolina Utilities Commission (“NCUC” or “Commission”) Rule R8-73.

The Tranche 3 website was released on September 9, 2021, and the first draft Request for Proposal (“RFP”) documents posted for comments on September 21-24, 2021. The second draft RFP was available on the IA website on November 11, 2021, and the second draft Renewable Power Purchase Agreement (“RPPA”) was available on the IA website on November 12, 2021. The comment feature for red-line suggestions about the RFP was available starting on November 12, 2021, and for the RPPA on November 15, 2021. The comment period for both documents closed on Monday, November 22, 2021.

To date four (4) Stakeholder Sessions were conducted by the IA with the participation of personnel from Duke, the Public Staff (“Public Staff”) of the Commission, and interested parties. The IA worked closely with Duke in the preparation of the RFP documents, which included the draft RFP and the draft RPPA.

The IA believes the RFP documents accurately describe the scope of the RFP, the evaluation methodology to be employed, and the requirements to be met by qualifying bids. Also, the IA believes the revisions of the CPRE methodology to accommodate the transmission queue reforms are appropriate, while providing the process for completing the CPRE program goals.

This report reviews the process to date and identifies key provisions of the Tranche 3 RFP documents.

## II. DEVELOP AND PUBLISH PROGRAM METHODOLOGY

The IA and Duke personnel participated in numerous remote meetings in order to draft the RFP documents. The IA found all Duke personnel to be responsive to requests from the IA and open to suggestions throughout the drafting process. Duke personnel also collaborated with the IA in the preparation of the Stakeholder Session materials and in the drafting of responses to questions posed by interested parties.

The goal of completing Tranche 3 in an efficient and timely manner while also addressing transmission queue reform requirements required thoughtful attention by Duke personnel. The IA was not involved in the transmission reform effort, so the insights and institutional knowledge of Duke personnel and the Public Staff was particularly helpful when revising the CPRE documents and methodology.

Interested parties were encouraged to provide feedback and proposals to assist in designing Tranche 3, especially during the Stakeholder Sessions. In particular, representatives of the Carolinas Clean Energy Business Association (“CCEBA”) had numerous telephone conferences with the IA, and a number with the IA and Duke personnel, during which practical observations were shared. Similarly, the Public Staff willingly met with the IA for a number of conference calls during which they shared suggestions on the structuring of Tranche 3. This collaborative process was consistent with the Commission’s directive that Duke and the IA endeavor to achieve an agreed upon approach for Tranche 3.

The major differences in Tranche 3 are as follows:

1. The RFP will be for resources sited in DEC's territory. That is, projects in DEP's territory will not be accepted. The IA Website was released in the same design as for Tranche 1 and Tranche 2, with separate opportunities for bidding to DEC and DEP. Because only DEC bids will be accepted in Tranche 3, the DEP portal will be closed.
2. Duke will not accept bids for the acquisition of facilities, as was done in Tranche 1 and Tranche 2.
3. Presently, the Tranche 3 target is 300 MW subject to Duke's final determination of Transition MWs. Because this will be the last CPRE RFP to achieve the Program goals, at the end of Step 2 the IA will identify all projects that are evaluated to be at or below Avoided Cost and review with Duke personnel how many MW should be considered for contracting in order to close out the CPRE program.
4. The RPPA has provisions that are different from the Tranche 1 and Tranche 2 RPPAs and worth noting.
  - a. The bidder is expressly advised of the information relied upon by the IA in evaluating whether the bid associated with the RPPA was below Avoided Cost:

*WHEREAS, Seller's bid was evaluated by the Accion Group, LLC (the "Independent Administrator") in accordance with the methodology and rules described in the RFP and the bid was selected in accordance with the criteria set forth therein, based on the Resource Solicitation Cluster performed by the Company prior to the conclusion of the CPRE Step 2 evaluation; and....*

This provision identifies the data to be used by the IA in the CPRE Step 2, and recognizes that additional study of transmission system impact could result in a bid being determined to be above Avoided Cost at a later date. That concern is addressed in RPPA sections 20.1.2 and 20.1.3.

- b. The bidder is advised of Duke's Limited Termination Right (RPPA Section 20.1.2) if the Facility Study Report establishes that the final expected cost of system upgrades is sufficiently greater than the cost imputed to the bid by the IA in Step 2 (referenced in (a) above) so that the bid would be above Avoided Cost. This provision recognizes that the full system impact, and therefore a determination of whether a bid remains at or below Avoided Cost, will only be known when the Facility Study is completed. However, the intent of all parties is to have the CPRE RPPAs executed during the second quarter of 2022, notwithstanding the Facility Study for each project may not be completed until early 2023. This provision permits Duke to confirm that all CPRE RPPAs are at or below Avoided Cost.
- c. Should the Facility Study for a project find that the associated bid would be above Avoided Cost, as addressed in RPPA section 20.1.2, the bidder would have a Right to Cure (RPPA Section 20.1.3) by paying for the system upgrades that result in the bid remaining below Avoided Cost.

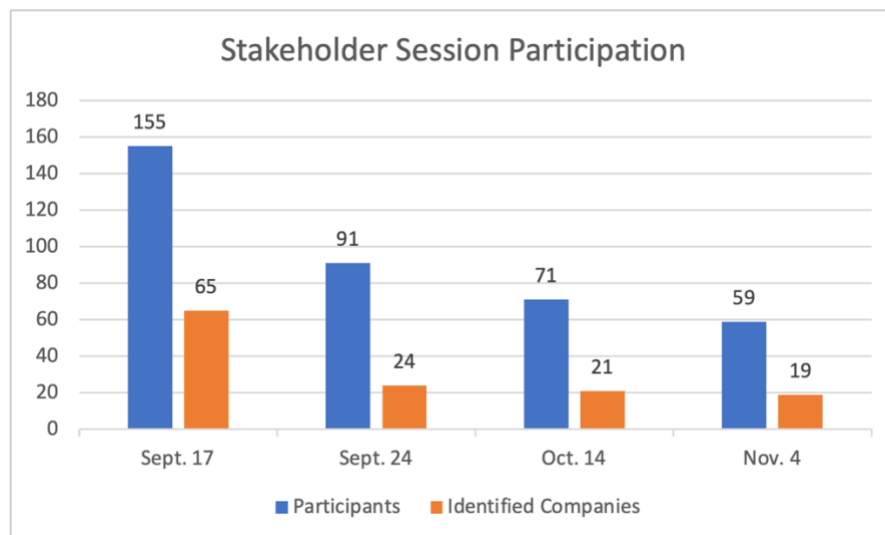
The IA proposed this solution during the Stakeholder Sessions as a way to move forward without delay, while providing an avenue to confirm bids remain below Avoided Cost. Duke and the parties in interest agreed that this was a reasonable way to proceed.

In Tranche 1 Duke, working with the IA, prepared maps outlining areas of transmission constraint. The maps were updated for Tranche 2 and were again updated for Tranche 3 and posted to the IA Website on November 19, 2021. It should be noted that the maps rely on Duke’s most recent available information. The map are labeled with the date on which the information was compiled. Similarly, as in Tranche 2 constrained infrastructure information for transmission lines and distribution circuits was posted on the IA Website so bidders would have the best available information. This posting also meets the requirement of the NCUC that all bidders have access to the same information that could be available to a Duke self-build team concerning transmission congestion.

### III. COLLABORATIVE PROCESS

The participation of interested parties was robust and lively. It was also very helpful as different points of view identified challenges that were addressed before the RFP documents were prepared as final drafts. There were four Stakeholder Sessions (so far). The presentation materials, participating companies, and the Q&A for each session are provided as **Attachments A-L**.

All registered users of the IA website were advised before each Stakeholder Session. The following charts summarizes the participation at the four Stakeholder Sessions:

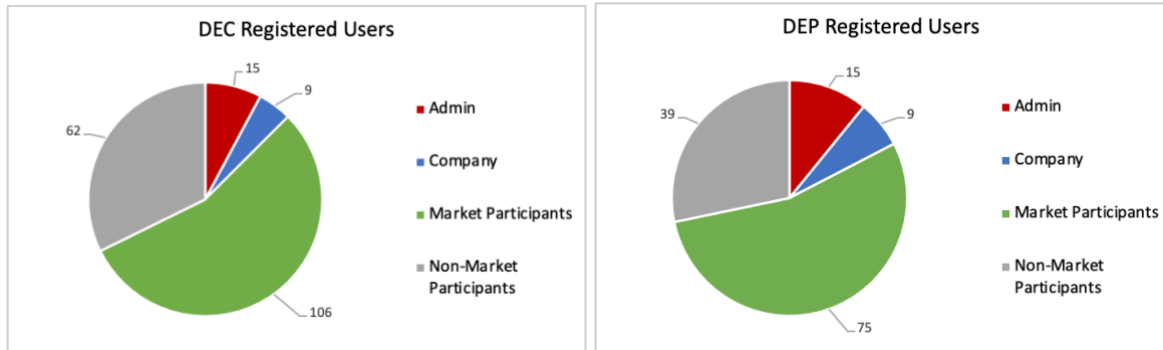


A total of 72 unique organizations attended at least one Stakeholder Session, and 74 questions were asked during the four meetings. The IA’s website was used for posting of all documents presented at each Stakeholder Session, the respective Q&As for each, and a recording of each session. In this way interested parties who were unable to attend a session had full access to the information and the oral exchanges.

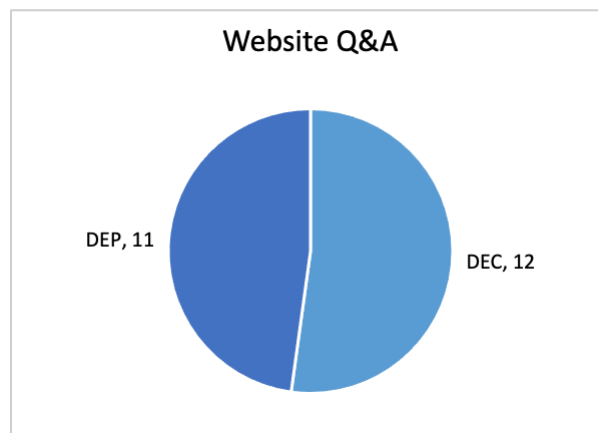
### IV. IA WEBSITE

The IA website required by the NCUC was released on September 9, 2021, at which time the IA sent an email to over 5,700 persons announcing the release. The list of persons notified included all those who were registered on the IA’s websites for Tranche 1 and Tranche 2, as well as Accion’s list of potential bidders from other competitive solicitations conducted by Accion.

The charts below reflect the number of registered users to the IA’s Website as of this report. The Website presently includes separate “silos” for DEC and DEP, which is reflected in the data, however the IA anticipates closing the DEP silo upon Commission approval for Tranche 3 soliciting bids only in DEC territory.



In addition to questions posed during the four Stakeholder Sessions, interested parties also have the ability to pose questions about Tranche 3 on the IA’s website. As of the date of this report, a total of 23 questions have been asked on the IA’s website, as shown below.



The first draft RPPA and draft RFP were posted on the IA website for comments on September 21, 2021 and September 23, 2021, respectively. The window for comments closed on October 6, 2021 at 12:00 pm EST. No comments were received. The second draft of the RFP documents were posted on the IA website on November 12, 2021, with the formal Comment Feature available on November 15, 2021. The second window for comments closed on November 22, 2021; 4 comments were received from 2 interested parties.

Once the RFP documents are in final form, the CPRE bid form will be updated from Tranche 2 and released according to the schedule approved by the Commission.

**V. EVALUATION TEAM SEPARATION**

Pursuant to the rules of the Commission, Duke and IA have reviewed the list of persons to be included in Duke’s Evaluation Team. The process continues as Duke refines the list to reflect personnel changes within the company and the limiting of the RFP to DEC territory. Duke personnel, including those who were part of the evaluation teams in Tranche 1 and 2, are in the process of completing the

acknowledgements required by the IA. For the benefit of bidders, the final Evaluation Team list from Tranche 2 was posted on the IA website and will be updated as it evolves for Tranche 3.

## **VI. CONCLUSION**

The design of Tranche 3 was challenging as the interested parties worked together to refine the specifics of the program process. Duke's previous filing reflects the consensus of the interested parties and provides a workable program for completing Tranche 3. The final draft RFP and draft RPPA incorporated the process agreed upon by the stakeholders. The limited number of comments received regarding the text of the draft RFP and the draft RPPA confirms, the IA believes, that the collaborative process was successful and that the melding of the RFP with transmission queue reform will be smooth.

The IA believes the RFP documents are thorough, detailed, and absent of bias for or against any bidder or acceptable technology. As noted above, the RPPA balances the desire for expedited completion of Tranche 3, with the reality that the full system impact of a project will only be determined by the Facility Study, many months after the CPRE PPAs. Should the Facility Study establish that a project would be above avoided cost, Duke may terminate the RPPA, or the bidder may pay the amount of the system upgrade costs necessary for the project to remain at or below Avoided Cost. Either way Duke's customers will not be paying for energy above Avoided Cost.

**ATTACHMENT A**  
**September 17, 2021 Stakeholder Session**  
**Identified Companies**

Attachment A: Firms with Participants – September 17, 2021 Stakeholders Session	
Accion Group (IA)	National Renewable Energy Corporation
Duke Energy	NCUC Public Staff
11 Million Acres	Nexamp
1 <sup>st</sup> Light Energy Inc.	NextEra Energy Resources, LLC
Alberici Constructors	NTE Energy
Alder Energy Systems	Origis Energy
Apex Clean Energy	Orion Renewable Energy Group LLC
Birdseye Renewable Energy	Palladium Energy, LLC
Burns & McDonnell	Pine Gate Renewables
C2e	POWER Engineers
Cadeo Group	PS Energy
Capital Power	Rayonier Advanced Materials
Carolinas Clean Energy Business Association	Renewable Energy Services
Clenera	RRE Power
Community Energy Inc	Sentry Electrical Group
Crisp Law Firm	Sofos Harbert Renewable Energy
Cypress Creek	Solar Liberty
Ecoplexus	Soleil Energy Solutions
ECT	Solterra Partners
EDF Renewables	Southern Current LLC
EDP Renewables North America	Stem
Enerdyne Power Systems	SunEast Renewables LLC
Energy Intelligence Partners	Sunverge Energy, Inc.
ENGIE	Swinerton
Fox Rothschild LLP	Telamon Enterprise Ventures
GE Renewable Energy	Tetra Tech
Gleeds	TVIG
Inman	Ward Electric Company
International Paper	Wellons, Inc.
Invenergy	Willoughby & Hoefler, P.A.
John Laing Group	Wood Environment and Infrastructure
Leeward Renewable Energy	USA Inc.
McGuire Woods	



ATTACHMENT B  
September 17, 2021 Stakeholder Session  
Presentation

## Duke Energy Competitive Procurement of Renewable Energy (CPRE)

### Tranche 3 Stakeholders Session



*September 17, 2021*

#### Agenda



- Announcements and Safety Moment
- Independent Administrator Introduction
- CPRE Tranche 3 – Transitional Cluster or DISIS
- CPRE Process and Overview
- Tranche 3 Timing and Challenges
  - Alignment with Queue Reform
  - Tentative Schedule Options
  - Alignment Issues
- Tranche 3 MWs
- Other RFP Components
  - No BOT or APSA bids
- Q&A

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## Independent Administrator Introduction



- IA conducting the session as required by the NCUC
  - Use the IA website for communications
    - After initiation of the RFP, Duke will not accept phone calls, emails, etc. re CPRE
  - To ask questions, use the “Chat” feature on the webinar control panel
  - Follow up questions encouraged during webinar
  - Use Q&A on IA website to ask questions > webinar and < bid date
  - Open Mic at the end of the Webinar
- Written responses to all questions will be posted on IA website
  - Written responses should be consulted when preparing Proposals
- Webinar materials will be posted on the RFP website

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## Standards of Conduct



- Once Tranche 3 is announced, CPRE standards of conduct will apply
- Duke Evaluation Team separated from DER Proposal Team and DEC/DEP Proposal Team
  - Separate T&D Sub-Team
  - All communications between Duke teams via IA website
  - List of Evaluation Team members will be posted on IA website
- Separation protocols will be in place throughout Tranche 3

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## CPRE Tranche 3 – Transitional Cluster or DISIS



- The fundamental issue to be determined through this stakeholder discussion is whether to link CPRE Tranche 3 to the Transitional Cluster Study or DISIS
  
- Meeting today will lay out the plan for aligning Tranche 3 with Transitional Cluster Study
  
- Alignment of Tranche 3 with Transitional Cluster study is not possible without:
  - Shortened timelines in some cases
  - Substantial stakeholder consensus
  - No major RFP structural changes

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## IA CPRE Process



- IA will follow CPRE process of the NCUC
- IA will enforce separation protocols & bidder direct contact violations
- Step 1 and Step 2 evaluation and ranking process
  - Aligned with Queue Reform
- IA controls access to all Proposal data
  - Not released to Duke Evaluation Team before end
- IA will provide Duke Evaluation Team recommendations for finalists
  - Will impute "Phase 2" Updated power flow cost estimates for recommendations (anticipated mid-way through the 150-day Phase 2 study)
- Recommendations may differ from Program goals
  - As with Tranche 1 and Tranche 2, IA may recommend more or fewer MWs

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## CPRE Overview



- NC G.S. § 62-110.8(a): Electric public utilities shall file for Commission approval a program for the competitive procurement of renewable energy and capacity in a manner that ensures continued reliable and cost-effective electric service
- Resources up to 80 MWs in size will be selected for a 20-year term
- Renewable energy facilities eligible to participate include those facilities that use renewable energy resources identified in G. S. § 62-133.8(a)(8), the REPS statute:
  - Solar
  - Wind
  - Hydropower
  - Geothermal
  - Biomass
  - Animal waste

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## Aligning with Queue Reform



- CPRE bids must be below Avoided Cost with the Network Upgrade costs included
- Therefore, estimated Network Upgrade costs are a required part of the net benefit analyses to determine the CPRE bid winners
- Bidders pay for their interconnection facility costs, but Duke pays for the associated Network Upgrade costs for CPRE winners
- Queue Reform has moved the interconnection process from a serial study process to a cluster study process. There are specific timelines associated with Queue Reform that RFPs must now work to align with either transitional cluster student (imminent) or future Definitive Interconnection System Impact Study (“DISIS”)

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## Queue Reform



- Queue reform cluster study process was approved by NCUC, SC PSC, and FERC and requires alignment among all three regulatory jurisdictions
- FERC approval on August 6<sup>th</sup> set the transition in motion; August 20<sup>th</sup> was the effective date for FERC, NC, and SC Transition Announcement
- “Transitional” process to move to cluster studies is already underway, but to be eligible a project must have had a queue number by August 19<sup>th</sup>, 2021
  - Transition has a “serial” process for projects in Facilities Study. To stay serial, by October 31<sup>st</sup>, 2021, these interconnecting customers must demonstrate definitive readiness to proceed to interconnect:
    - A contract for sale of the Generating Facility’s energy
    - Reasonable evidence that the Generating Facility is included in a Utility’s Resource Plan
    - A contract award in a Resource Solicitation Process
  - All other projects may be eligible for the Transitional Cluster
- DISIS Process will begin in early Q3 2022, with an enrollment window from January to June 2022

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## State Transitional Cluster Process



### Must be completed during the 60-day transition period ending October 31<sup>st</sup>, 2021:

1. Execute a Transitional Cluster Study Agreement
2. Adjust Interconnection Request study deposit
  - \$20,000 plus (\$1.00) per kWac for requests that are less than 20 MW;
  - \$35,000 plus (\$1.00) per kWac for requests that are between 20 MW and 50 MW;
  - \$50,000 plus (\$1.00) per kWac for requests greater than 50 MW.
3. Demonstrate exclusive site control
4. Provide one of the following:
  - A contract, or reasonable evidence that the Interconnection Customer has established a legally enforceable obligation binding upon the Interconnection Customer, for sale of the Generating Facility’s energy to the Utility.
  - Reasonable evidence that the Generating Facility is included in a Utility’s Resource Plan *or is offering to sell its output through a Resource Solicitation Process.*
  - Reasonable evidence that the Interconnection Customer’s Interconnection Request Queue Position was initially established at least 365 days prior to the Utility’s initiation of the Transitional Cluster.
  - *Reasonable evidence that the Interconnection Customer has received a certificate of public convenience and necessity, if required, for the construction of its Generating Facility.*

*\*Italicized text is not yet approved by the State Commissions*

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## Tranche 3 Tentative Schedule Options



Milestone	TC Estimated Dates	DISIS Estimated Dates
Draft solicitation documents published	9/20/2021	2/1/2022
RFP window closes – deadline for submission by all other participants	11/30/2021	6/30/2022
Step 1 and Step 2 Evaluations completed	~6/15/2022 *2 weeks after updated Power Flow studies from Phase 2 sent to IA	~3/15/2023
Notify winning bidders	~6/15/2022 *2 weeks after updated Power Flow studies from Phase 2 sent to IA	~3/15/2023
Contracting period ended (60 days)	8/15/2022 *60 days after winning bidders are notified	~5/15/2023

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## Aligning Tranche 3 with Transition Cluster



- Bidders must have a queue number as of August 19<sup>th</sup>, 2021 and meet eligibility requirements for Transitional Cluster.
  - Projects that are Transitional Serial already have a PPA and therefore are not eligible for Tranche 3. This means there are no “late stage” projects in Tranche 3.
- Given that Transition Cluster Phase 1 has minimal readiness requirements/security to enter and no Withdrawal Penalty risk to exit, higher drop-out rates after the Phase 1 study are anticipated. Upgrade cost estimates from Phase 1 are at higher risk of change than what is anticipated in future DISIS clusters.
  - Duke would sign PPAs in time for the Facilities Study in Transition Cluster

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## Possible Tranche 3 Aligning with Transition Cluster Timeline – Immediate Steps



Dates	Step
Wed. Sept. 1	Transitional Cluster (TC) eligibility window opens
Mon. Sept. 20	Duke provides draft RFP documents to IA and IA posts on website. 60 days ahead of Nov. 19
Mon. Sept. 20 – Wed. Oct. 20	Stakeholder engagement and additional Stakeholder meeting
Wed. Oct. 20	PPA filed with NCUC “at least 30 days prior to the planned CPRE RFP solicitation issuance date”
Fri. Oct. 29	IA report to Duke at least 20 days prior to the planned CPRE RFP Solicitation issuance date, detailing market participants’ comments and the IA recommendations for changes to the CPRE RFP Solicitation documents, if any
Sun. Oct. 31	60-day TC eligibility period concludes. Interconnection Customer planning to bid into Tranche 3 could submit a notice of intent form for TC readiness demonstration
Mon. Nov. 1	TC customer engagement period opens
Mon. Nov. 15	Duke provides final RFP documents to IA to post by bid issuance date
Fri. Nov. 19	Tranche 3 RFP solicitation issuance date. Bid window opens
Tues. Nov. 30	Bid window closes
Wed. Dec. 1	TC Phase 1 (90-day power flow study) and CPRE Step 1 evaluation commence

Gray rows are interconnection related

White area is RFP related

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## Aligning with Queue Reform – IA ISSUES



- Challenge: Meeting CPRE goals & Queue Reform requirements
- IA & Duke seeking consensus on approach
  - Alternative = seeking NCUC waivers
- IA Issues intended to prompt constructive suggestions & solutions
- Second stakeholder session will present refinement, drawn from comments
- Timetable for approach will be presented at next stakeholder session

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## Aligning with Queue Reform – IA ISSUE 1



- ISSUE 1: CPRE Proposal Security & Phase 2 Cluster Deposit
  - Eligibility to remain in Queue (for some projects) is dependent upon remaining under evaluation in CPRE
  
- IA Proposal
  - CPRE Proposal Security and Phase 2 Deposit due on the same date
    - The greater of the two amounts is required but will cover both obligation amounts combined
      - E.g., if Proposal Security is \$1 million, and Phase 2 Deposit is \$800k, \$1 million security would be provided in total (not \$1.8 million)
    - Amount > Phase 2 Deposit released if IA eliminates bid

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## Aligning with Queue Reform – IA ISSUE 2



- ISSUE 2: CPRE PPAs must be for projects below Avoided Cost
  - Earliest Anticipated PPA execution date: August 2022
    - Large Network Upgrade cost changes may be identified after then
      - Phase 2 reallocation: other projects dropping
      - Phase 2 Stability & Circuit studies
      - Possible Phase 3 Study
  
- IA Proposal
  - Bidders be advised of amount of “Head Room” after Phase 2 power flow update cost estimates
    - Head Room = additional network upgrade cost that could be imputed and remain below Avoided Cost
  - If later updated network upgrades costs would put bid above Avoided Cost, bidder could either:
    - Withdraw from CPRE PPA, without RFP penalty
    - Agree to pay the amount above Head Room to stay below Avoided Cost

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## Aligning with Queue Reform – IA ISSUE 2



- IA Issue 2: Alternative Suggestion Shared With IA
  - IA CPRE Step 1 eligibility notice before Phase 2 Deposit due
    - Proposal Security required
    - CPRE Proposal Security & Phase 2 Deposit due on the same date
  - IA CPRE Step 2 synchronized with Queue reform
    - If Phase 3 not needed:
    - CPRE Step 2 completed with Stability & Short Circuit data
    - If Phase 3 needed, CPRE Step 2 completed when DISIS completed
  - CPRE PPA executed 30 days after CPRE Step 2 completed
    - In either scenario

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## Tranche 3 MWs



- Size of Solicitation
  - Target MW is estimated at around 300 MW for DEC and DEP combined
  - This final number is dependent on the number of transition MW with both an Interconnection Agreement and PPA as of November 20<sup>th</sup>, 2021, and dependent on the NCUC's Decision
  - IA recommends allocation based on net benefit, after CPRE Step 2

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## No BOT or APSA Bids in Tranche 3



- BOT – Build Own Transfer
- APSA – Acquisition Purchase and Sale Agreement
- To further streamline the RFP, Duke will forego the BOT and APSA options for Tranche 3 if it is aligned with Transition Cluster. Duke will revisit the decision if Tranche 3 aligns with DISIS.

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Q&A

## IA Tranche 2 Final Report



- Tranche 2 report on the Tranche 3 IA website Document Page
- **600 MW DEC Request for Proposals**
  - 37 Proposals ranging from 15 – 80 MW-AC, totaling 1,710.4 MW
    - Median Proposal was 50 MW
  - All Proposals were solar; 3 included storage
  - 1,051 MW proposed in NC, 802.7 MW in SC
  - 10 projects were contracted totaling 589 MW
    - 9 in NC totaling 514 MW, 1 in SC totaling 70 MW
- **80 MW DEP Request for Proposals**
  - 6 Proposals ranging from 56 – 80 MW-AC, totaling 440.9 MW
    - Median Proposal was 75 MW
  - All Proposals were solar; 1 included storage
  - 366 MW proposed in NC, 74.9 MW proposed in SC
  - 1 project was contracted totaling 75 MW, located in NC

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## Energy Storage Key Provisions



- Proposals with storage eligible for Tranche 3
- May bid project with and without storage, as two separate Proposals
  - These proposals will require separate Interconnection Requests and separate queue numbers
- All storage Proposals must include 8760 with and without storage
- Energy storage devices must be on the DC side of the inverter and charged exclusively by the Facility
- Storage devices will not be directly controlled or dispatched by DEC or DEP
  - Subject to Duke curtailment protocols
- Storage protocols unchanged from Tranche 2

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## Q&A



- You may continue to submit written questions through the IA Website
- Written answers to questions will be posted to the IA website
- Responses provided during this webinar are preliminary only
  - Written responses posted on the RFP website are to be used in preparing bids

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## Appendix



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**ATTACHMENT C**  
**September 17, 2021 Stakeholder Session**  
**Questions & Answers**

September 17, 2021 Stakeholder's Meeting Questions Asked and Answers	
<b>Q1</b>	CCEBA has requested and would appreciate discussion of expanding participation to bidders who do not have a Queue number by 8/19/2021, but who otherwise indicate readiness to bid into Tranche 3. (Suggested re-write: Could the Tranche 3 process be expanded to allow participation of bidders who did not have a Queue number by 8/19/2021, but who otherwise indicate readiness to bid into Tranche 3?)
<b>A1</b>	Bidders who did not have a Queue number by 8/19/2021 would not be eligible to participate in Tranche 3 if Tranche 3 is aligning with the Transitional Cluster study process. Queue Reform and the Transitional Cluster process have been filed and approved by NCUC, SC PSC, and FERC, and Transitional Cluster is open only to current Interconnection Customers in the queue as of the queue reform effective date. Duke has transparently communicated that if accepting new interconnection requests is the priority from a market participant perspective, aligning Tranche 3 with DISIS Cluster 1 is the appropriate route. Duke does not agree to this proposal as formulated to retroactively expand eligibility for Transitional Cluster.
<b>Q2</b>	If FERC filing is the issue preventing such an expansion, doesn't Duke's current proposal to alter the eligibility criteria for state-jurisdictional customers already deviate (on the state-jurisdictional side) from the proposal presented to FERC? Does it not also provide preferential treatment to state-jurisdictional customers beyond that which FERC contemplated when it approved Duke's queue reform proposal?
<b>A2</b>	Duke's August 17, 2021 Petition for limited modifications to Transitional Cluster eligibility does not expand Transitional Cluster to new Interconnection Customers that did not have a Queue Number as of the Commission approved effective date. Duke does not agree that these proposals provide preferential treatment to state jurisdictional Interconnection Customers.
<b>Q3</b>	So even if Duke is paying for the Network Upgrades, the bidder as to impute those costs in their bid?
<b>A3</b>	The bidder should include the interconnection facility costs in their bid, but not the Network Upgrade costs. However, it is important for a facility to note that the Network Upgrade costs will be considered in the overall net benefit analysis and when Network Upgrade costs are added to the bid price, the total cost must remain below the Avoided Cost. If a facility already has executed an Interconnection Agreement but no PPA and is bidding into Tranche 3, that project would not have Duke pay for the Network Upgrades, however, as that Interconnection Agreement already specifies the developers as the one paying for the Network Upgrades.
<b>Q4</b>	Are you considering projects outside of the Duke Energy territory?
<b>A4</b>	No, this RFP is not considering projects outside of the Duke Energy Carolinas and Duke Energy Progress balancing areas.
<b>Q5</b>	The timeline on Slide 11 seems to suggest that CPRE winning bidders will not receive notice until the end of TCS Phase 2. But in order to enter into Phase 2 interconnection customers must post non-refundable deposits. It doesn't seem reasonable to require such posting from CPRE bidders who don't know their award status.
<b>A5</b>	Projects that are invited to proceed into the final evaluation from the Independent Administrator would have to post the deposits for interconnection, as well, and should consider the risks of their Phase 1 network upgrade estimates changing based on potential re-allocation of costs. If Phase 2 estimates are more than 125% of the Phase 1 estimate, however, the project may withdraw from the Transitional Cluster without paying withdrawal penalties (although their allocation of study costs and overhead will still be incurred). Projects that are not selected in Tranche 3 may also elect to proceed to Interconnection and pursue alternative non-CPRE off-take options.

September 17, 2021 Stakeholder's Meeting Questions Asked and Answers	
<b>Q6</b>	The approved queue reform proposals specifically allow for resource solicitation clusters. Why is that not an option for doing this?
<b>A6</b>	A stable "base case" is needed to perform interconnection studies. The projects still in the Transitional Cluster going into Facility Study would be considered a stable base case, and the Phase 2 studies for Transitional Cluster are finishing just as Phase 1 for DISIS is getting started. Therefore, for this first iteration of the cluster study process, there is no window of time in between Transitional Cluster and DISIS to establish a steady base case and conduct an additional cluster study. Duke continues to evaluate whether it is more prudent to proceed with Tranche 3 as part of DISIS Cluster 1 in 2022.
<b>Q7</b>	Will there be similar RFPs for renewables next year? (Following queue reform)
<b>A7</b>	If Tranche 3 does not move forward to align with Transitional Cluster, it would align with DISIS in 2022. Other future RFP opportunities have not yet been announced.
<b>Q8</b>	sorry for the redundant question but this is the first program that I have been a part of with Duke.. Still trying to understand the queue requirement of 8/19/2021. We have done nothing in this program to date so have no queue number so does that mean we can not participate in this tranche 3? (Suggested rewrite: Is it possible to participate in CPRE Tranche 3 without a Queue number?)
<b>A8</b>	If Tranche 3 of CPRE is to be aligned with the Transition Cluster, the project must have already received a Queue number by 8/19/20. If Tranche 3 aligns with DISIS instead, then there will be a window to register for the DISIS cluster in 2022 and projects can receive a queue number then.
<b>Q9</b>	Am I correct in understanding that an RNG (renewable natural gas) facility is not eligible to participate?
<b>A9</b>	Renewable natural gas facilities are not eligible to participate in the CPRE RFPs.
<b>Q10</b>	Would transitional serial projects or projects with signed IA's that avoid the transitional process entirely be permitted to participate? Would the associated ability to COD in 2023/2024 be considered in the evaluation? [Follow Up Question] They answered in relation to transitional serial projects, but could you please address projects with signed IAs that avoid queue reform entirely?
<b>A10</b>	Transitional Serial projects would not be eligible but projects with executed IAs and no PPA could be eligible for Tranche 3. To remain eligible for Transitional Serial, the project would have to have a signed PPA by 10/31/21, and having a signed PPA also makes the project ineligible to bid into CPRE Tranche 3. A Transitional Serial project that wants to participate in Tranche 3 should not elect to be Transitional Serial and instead should establish eligibility for Transitional Cluster (which can be done before 10/31/21). Projects that signed an Interconnection Agreement and made payments for their Interconnection Agreement but have no signed PPA can bid into Tranche 3 and would cover their own system upgrade costs (rather than Duke paying for them) because their signed Interconnection Agreement would already establish the facility owner as the party responsible for those costs.
<b>Q11</b>	If Duke provided notice of the Transition Cluster deadline, how did it provide notice (before 8/20) to potential Tranche 3 CPRE participants that the field would be closed to those already in the Queue?
<b>A11</b>	Duke provided notice of the Transition Announcement but did not specify at that time that participation would be required to be eligible for Tranche 3, as Duke did not expect at that time that Tranche 3 would align with the Transitional Cluster. Duke continues to evaluate whether it is more prudent to proceed with Tranche 3 as part of DISIS Cluster 1 in 2022.
<b>Q12</b>	Our understanding is that a dedicated resource solicitation cluster could commence immediately following end of Transitional Cluster Phase 1, once deposits are posted to enter Phase 2 and the baseline is largely solidified. Will Duke work collaboratively with stakeholders to explore this option?
<b>A12</b>	Duke has been discussing this option with stakeholders and has not yet found a feasible plan given the tight timing between the Transitional Cluster and DISIS. (See question 6).

September 17, 2021 Stakeholder's Meeting Questions Asked and Answers	
<b>Q13</b>	For a later topic: Has Duke decided what the territorial split will be between DEP/DEC for CPRE projects under Tranche 3? CCEBA would prefer that Duke's previously-expressed preference for DEP over DEC be maintained as much as possible, OR if a more even split is contemplated, the size of the total tranche could be increased to (for example) 600MW (Suggested rewrite: Has Duke decided what the territorial split will be between DEP/DEC for CPRE projects under Tranche 3? Could Duke maintain the MW allocation from Tranches 1 and 2, or if a more even split is contemplated, the size of the total tranche could be increased to (for example) 600MW)
<b>A13</b>	Duke and the IA propose not to specify an allocation across the DEC and DEP BAs for the limited procurement proposed to be aligned with Transitional Cluster; however if there is strong consensus amongst stakeholders to establish greater specificity, Duke and the IA are willing to consider providing such specificity as part of the RFP.
<b>Q14</b>	"Is there any reason why the CPRE winners cannot be announced after Phase 2 and Phase 3 are completed, when the final Phase 2/3 Study Report is published and network upgrade costs have been assigned with the most certainty?"
<b>A14</b>	Transition Cluster projects must have a signed PPA by the end of the Engagement 3 Window (currently scheduled for 9/26/2022) to be eligible for the Facility Study phase. However, T&D will decide whether a Phase 3 study is needed at the end of the Engagement 3 window, which is when they will know which projects drop out and which projects have signed a PPA to move forward. Therefore, there is no way to delay signature of a PPA until after a Phase 3 study because having a PPA is part of the decision-making process for whether a Phase 3 is needed.  Duke supports establishing more certainty of assigned Upgrades before executing PPAs in Phase 2 and is proposing to minimize the Upgrade risk for customers through a termination right in the PPA. In the event that the Facility Study Report identifies System Upgrade costs that would cause the Facility's total cost to exceed the Avoided Cost cap (due to cost reallocation under the Transitional Cluster Study or otherwise), the PPA includes a Buyer's Limited Termination right to that will allow the Companies to terminate the PPA. However, the Seller is given the right to cure the issue, meaning that the Seller can choose to pay for that portion of the System Upgrade cost that would causes the Facility's total cost to exceed the Avoided Cost cap.
<b>Q15</b>	Signing of PPAs should be able to be completed in 30 days, why is more time needed?
<b>A15</b>	Noted, and Duke adjusted the PPA negotiation period to 30 days in the draft Tranche 3 RFP document posted on Accion's website.
<b>Q16</b>	A Proposal on Issue 1 doesn't seem to solve problem in that the interconnection customer would still have penalty exposure. Why can't award decisions be made based on Phase 1 results? Doesn't Phase 1 information correspond to the preliminary study that has been done in evaluating prior CPRE bids?
<b>A16</b>	These Phase 1 estimates are at greater risk of changing due to reallocation of costs from other projects dropping, which includes non-CPRE projects dropping. These projects can have very large impacts in allocation, and in prior Tranches the only other projects to consider were other CPRE projects. Duke continues to evaluate whether it is more prudent to proceed with Tranche 3 as part of DISIS Cluster 1 in 2022 in order to mitigate this risk.
<b>Q17</b>	Please confirm that asset acquisition projects will not be accepted in Tranche 3, potentially reducing contracting time requirements.
<b>A17</b>	Confirmed, asset acquisition projects will not be accepted in Tranche 3.
<b>Q18</b>	Hasn't it been the case with prior CPRE awards have been made even though subsequent study might result in upgrade costs pushing a proposal over the cap?

September 17, 2021 Stakeholder's Meeting Questions Asked and Answers	
<b>A18</b>	Past Tranches had different risk of system upgrade cost changes. In the cluster process, if projects not participating in CPRE drop, they will impact the cost allocation to CPRE projects that remain. See the Company's response to question 14.
<b>Q19</b>	Just a clarification for Duke, for non-cpre projects when are those projects offered a PPA? End of phase 2? If there is a phase 3?
<b>A19</b>	All projects are required to have a PPA at the end of the Engagement 3 window to move to the Facility Study stage of Transitional Cluster.
<b>Q20</b>	Would it be possible to simultaneously initiate TCS and a Tranche 3 resource solicitation cluster with one or the other designated as having queue priority?
<b>A20</b>	The only feasible solutions Duke can offer for Tranche 3 interconnection studies are to align it with the Transitional Cluster or align it with DISIS. Duke continues to evaluate whether it is more prudent to proceed with Tranche 3 as part of DISIS Cluster 1 in 2022. See response to Q30 for additional detail.
<b>Q21</b>	Is there a separate Transitional Cluster Study for both DEC and DEP, or is there one single TCS for both utilities? This will impact how DEC/DEP CPRE projects are studied, and if "silos" are needed
<b>A21</b>	DEC and DEP conduct their cluster studies separately (unless of course there are affected system studies required) but adhere to the same timelines under the respective generator interconnection procedures.
<b>Q22</b>	Regarding the uncertainty of Tranche 3 bid upgrade costs due to Phase 1 TCS dropouts, you seem not to be considering that Phase 2 can't commence until the iteration of Phase 1 has been completed and dropouts have occurred.
<b>A22</b>	The Phase 2 studies will account for projects that dropped out during Engagement 2 Window. Section 1.10.2.4 provides that the Companies may conduct an updated power flow study in Phase 2, if necessary due to dropouts occurring after Phase 1. However, additional projects may also drop out during or after Phase 2, and cost allocations may continue to change.
<b>Q23</b>	Can projects that executed an IA prior to August 20 participate in CPRE?
<b>A23</b>	Yes, and they should note that they already have an IA in their bid. If a facility already has an Interconnection Agreement but no PPA and is bidding into Tranche 3, that project would be evaluated as a later stage bidder and is already committed to pay for its Network Upgrades (as opposed to Duke) pursuant to the signed Interconnection Agreement.
<b>Q24</b>	Are there any established procedures for a resource solicitation cluster study? I'm not seeing any in the procedures.
<b>A24</b>	The requirements for DISIS are more prescriptive than the requirements of an added Resource Solicitation Cluster. See Section 4.4.2 of North Carolina Interconnection Procedures. (Also see question 31)
<b>Q25</b>	To participate in CPRE you have to have applied for a CPCN. To participate in the transitional cluster you have to have a CPCN. Will the CPRE requirement control?
<b>A25</b>	The CPRE Program requirement controls. For clarification, the Companies' proposal to allow Interconnection Customers with a CPCN to meet Transitional Cluster eligibility is an alternative pathway to enter Transition Cluster. Participation in the CPRE Program Resource Solicitation Cluster is also a separate alternative pathway.

September 17, 2021 Stakeholder's Meeting Questions Asked and Answers	
<b>Q26</b>	In regard to the limitation of Tranche 3 to those who are already in the queue by August 20th. I understand that August 20th is the cluster study transition notice date and that you have certain obligations to FERC under that but we would argue at least that our proposal of allowing a grace period for Tranche 3 proposals to come in after that doesn't alter that date it provides an alternative path for entry into the transitional cluster for only CPRE participants and thus the date itself doesn't change your just saying that, in order to combine these two things we do need to allow some other folks to enter into the process within a matter of weeks. We're not saying to hold it open in a manner that would delay the overall administration of Tranche 3 or the transition cluster studies itself, it would allow some folks to participate who might not otherwise, I think as Jack candidly admitted, would not have had notice that this was going to be a limited process.
<b>A26</b>	(Same as question 1) Bidders who did not have a Queue number by 8/19/2021 would not be eligible to participate in Tranche 3 if Tranche 3 is aligning with the Transitional Cluster study process. Queue Reform and the Transitional Cluster process have been filed and approved by NCUC, SC PSC, and FERC, and Transitional Cluster is open only to current Interconnection Customers in the queue as of the queue reform effective date. Duke has transparently communicated that if accepting new interconnection requests is the priority from a market participant perspective, aligning Tranche 3 with DISIS Cluster 1 is the appropriate route. Duke does not agree to this proposal as formulated to retroactively expand eligibility for Transitional Cluster.
<b>Q27</b>	My understanding is that when you say it's a binary process, either it goes forward as discussed here as under the transition cluster or Duke will agree to push it back to DISIS, those are the two options, there is not to be a third, is that Duke's position?
<b>A27</b>	Correct. The only feasible solutions Duke can offer for Tranche 3 interconnection studies are to align it with the Transitional Cluster or align it with DISIS.
<b>Q28</b>	My question is related to the split between DEP and DEC balancing territories. I understand the IA's presentation was they recommend not making a determination at this point and Jack piped up that input from stakeholders is appreciated. I just wanted to provide that input. CCEBA's preference is we have two possibilities there. First of all, if you're going to stick to the 300 MW sized tranche that your previously stated preference for DEP over DEC be maintained as much as possible just because people have made plans for that. I think it's a 90/10 split. If the 90/10 split results in too small of an allocation to DEC to be commercially viable then we can see expanding that a bit, maybe to 80/20 but we'd like to see that the preference continue. Or increase the size of the tranche if you were going to do an even split of the two, increase the size of the tranche appropriately so that both sides will be commercially reasonable and viable and there won't be any harm to those who planned to bid into the DEP side. I'm sorry DEC over DEP. It is 90 DEC, 10 DEP.
<b>A28</b>	Noted that CCEBA supports as close to the 90%/10% DEC/DEP split as feasible.



September 17, 2021 Stakeholder’s Meeting Questions Asked and Answers	
<b>Q29</b>	<p>The Public Staff has taken the position, that we think it's appropriate for the IA to have the most certain cost information that they can have when awarding a PPA. I heard Maura earlier on the call discussing maybe there's a timing issue between Phase 2 results and the 30-day engagement window and when a PPA gets offered and Jack that was actually me asking the non-CPRE question because what Maura brought up seems to indicate to me that that would be a problem regardless of whether it was a CPRE project or not so I was just curious at what point you would under the normal course, under the transitional queue or even under the DISIS queue award a PPA? We heard, not just from Duke but other stakeholders, that they want more certainty in the process but we've also heard to begin with that we want to keep this process as much like Tranche 1 and Tranche 2 as possible so I can't say exactly where this all lines up with the way Tranche 1 and Tranche 2 was decided but we view in general support of keeping it the same and not deciding at an earlier point. We think, the more accurate, we know you can't get the final final upgrade costs but we think you should get the Phase 2 and the Phase 3 results, if that's needed, because that's going to determine who are the most competitive projects and that, to us, is what's important to ratepayers. That will be our position.</p>
<b>A29</b>	<p>Transition Cluster projects must have a signed PPA by the end of the Engagement 3 Window (currently scheduled for 9/26/2022) to be eligible for the Facility Study phase. However, T&amp;D will decide whether a Phase 3 study is needed at the end of the Engagement 3 window, which is when they will know which projects drop out and which projects have signed a PPA to move forward. Therefore, there is no way to stall signature of a PPA until after a Phase 3 study because having a PPA is part of the decision-making process for whether a Phase 3 is needed.</p> <p>Because the system upgrade costs can be continually adjusted and reallocated as other projects drop out, there is a risk that a CPRE project’s upgrade costs will go up so much as to put the project above Avoided Cost. The IA may consider the maximum cost allocation amount the project could incur when accounting for the risk of their bid (so, assume 100% cost allocation for the upgrades the project contributes to). Another protection for customers is that if the updated costs from the Facility Study Report put the total project cost above the Avoided Cost cap, then the Buyer may void the contract, or the seller may “cure” the project and pay the system upgrade amount that is above the Avoided Cost cap.</p>
<b>Q30</b>	<p>I understand the company's position that it would be difficult to pull off a resource solicitation cluster study, I want to reiterate my read of the procedures is that there is really no constraints on the design of a resource solicitation cluster study so all of these issues about deposits and payments and penalties, I'm not seeing anything that says those would apply to a resource solicitation cluster that's conducted independent of DISIS and I'd like to know if I'm right about that. If I'm right and it were possible, I'm wondering if now or later, to do competitive solicitation through a separate cluster study that's not subject to all those procedures it might address some of the concerns that I've articulated about the timing of payments and penalties?</p>

September 17, 2021 Stakeholder’s Meeting Questions Asked and Answers	
<b>A30</b>	NCIP Section 4.4.2 provides that where the Utility plans to implement a Resource Solicitation Cluster outside of DISIS the utility must publicize the scope of study and timeframe to initiate the Resource Solicitation Cluster study as part of the Competitive Resource Solicitation documents. This provision does allow for a more streamlined cluster study process than the DISIS and does not prescribe the same deposits as DISIS. However, the primary constraint of adding a resource solicitation cluster is the time it takes to complete the power flow modeling and other studies required during the limited time between Transitional Cluster and DISIS Cluster 1. The staff who would perform an additional Resource Solicitation Cluster are the same staff already committed to performing Transitional Cluster studies for all NC, SC and FERC projects and these same resources must also prepare for and implement DISIS Cluster 1 for all three jurisdictions in 2022. Queue Reform is a major process change for the Companies and the potential need for restudies of the Transitional Cluster prior to commencing DISIS 1 creates additional uncertainty. Duke is continuing to investigate the feasibility of a Resource Solicitation Cluster. However, the Company’s preliminary determination is that it would be infeasible to integrate an additional Cluster between Transitional Cluster and DISIS Cluster 1 without risking adversely impacting the timing or cost of study for non-CPRE projects
<b>Q31</b>	Does the company have the ability to design a resource solicitation cluster in whatever ways it deems best to promote the goals of the solicitation as opposed to being constrained by all these detail requirements of DISIS?
<b>A31</b>	(Also, question 24) The requirements for DISIS are more prescriptive than the requirements of an added Resource Solicitation Cluster. At a future date, when the Companies have time between DISIS clusters to fit another cluster and after the Companies have gained experience troubleshooting cluster study issues, the Companies can explore how best to align the requirements of a Resource Solicitation Cluster with an RFP.
<b>Q32</b>	I understand the need to have a firm baseline, it seems like there is a certain amount of uncertainty baked in here, given that if you're doing your selections in Phase 1, you're going to have an unstable baseline because of the possibility that folks will withdrawal in Phase 2. I wonder whether there's that big of a difference in terms of the firmness of a baseline between a resource solicitation cluster and the way its currently proposed?
<b>A32</b>	The uncertainty in the baseline not only impacts the restudy of the Transitional Cluster, but it impacts all clusters after the Transitional Cluster, including DISIS. The risk of missing FERC deadlines and the risk of being able to accurately and reliably estimate costs are the primary reasons a Resource Solicitation Cluster is not feasible before the first DISIS.

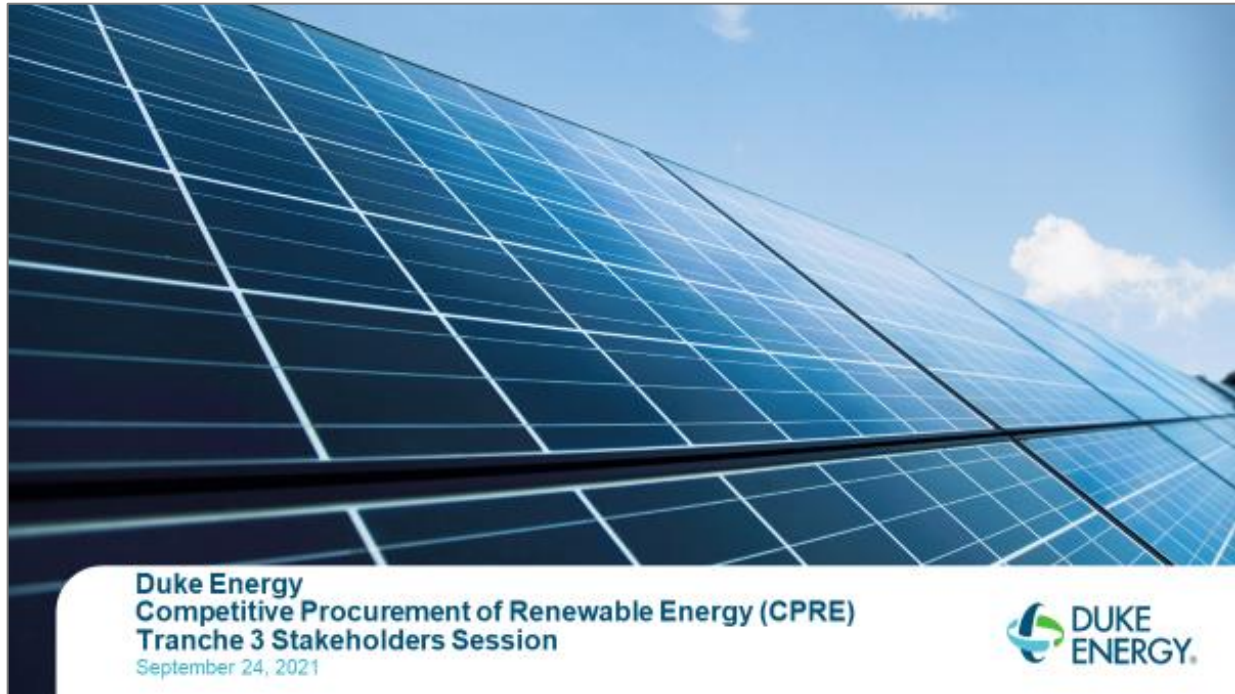
**ATTACHMENT D**  
**September 24, 2021 Stakeholder Session**  
**Identified Companies**

Attachment D: Firms with Participants – September 24, 2021 Stakeholders Session	
Accion Group (IA)	McGuire Woods
Duke Energy	NCUC Public Staff
Birdseye Renewable Energy	NextEra Energy Resources, LLC
Blue Collar Energy	Palladium Energy, LLC
Burns & McDonnell	Pine Gate Renewables
Capital Power	Riley Farms Solar, LLC
Carolinas Clean Energy Business Association	SEL Engineering Services, Inc.
Crisp Law Firm	Sofos Harbert Renewable Energy
Cypress Creek Renewables, LLC	Southern Current LLC
Fox Rothschild LLP	SunEast Renewables LLC
GE Renewable Energy	Swinerton
Invenergy	Willoughby & Hoefler, P.A.

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Attachment E  
September 24, 2021 Stakeholder Session  
Presentation



**Agenda**

- Introduction by Independent Administrator
- Tranche 3 Interconnection Alignment Feedback
- Critical Path: Is Agreement Possible?
- CCEBA Resource Solicitation Cluster Proposal
- Timing Conflicts & Possible Alternatives
- Path Forward?
- IA – Process Status Summary
- Q & A



2

### Independent Administrator Introduction

- IA conducting the session as permitted by NCUC protocols
  - Duke will not have direct exchanges with bidders until > selections by IA
- To ask questions from webinar, use the "Q&A" feature on the webinar control panel
  - Follow up written questions encouraged during webinar
  - Use Q&A on RFP website to ask questions > webinar and < bid date
- "Open mic" will occur at the end of the session
- Written responses to all questions will be posted on RFP website
  - Written responses should be used when preparing Proposals
- Webinar materials will be posted on the RFP Website
- After webinar, all communication will be through IA Website



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### Critical Question: Interconnection Alignment: Is Agreement Possible?

- Duke can only offer alignment with Transitional Cluster Study (TCS) or DISIS at this time and cannot agree to re-opening the Transitional Cluster window.
- If alignment with TCS is not acceptable to stakeholders without re-opening the window, then let's put aside the idea of trying to align with Transitional Cluster.
- If we can agree TCS isn't going to work, there is more time to discuss the timing and framework for a more efficient Tranche 3. Duke cannot agree to a Resource Solicitation Cluster at this time, but we are willing to keep investigating it.



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## CCEBA Resource Solicitation Cluster Proposal

### CPRE Resource Solicitation Cluster – Proposal Discussion

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## Summary of CCEBA Proposal

- Create an additional Resource Solicitation Cluster (RSC) on top of the Transitional Cluster
- Create new enrollment window for projects to join the RSC
- Projects joining the RSC must drop out of the Transitional Cluster
- Assume all projects in the Transitional Cluster are in the base case for RSC
- Assign 100% of the upgrade cost to each project in the RSC if any interdependencies are identified for a project in the RSC.
- Require active participation in the RFP as eligibility for staying in RSC, so as projects are released by the IA they are also removed from the RSC.

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## CCEBA CPRE Resource Solicitation Cluster - Proposal

### Goals:

1. Advance the resolution of outstanding issues with CPRE Tranche 3
2. Minimize program complexity and reduce interdependency with non-CPRE projects
3. Maintain consistency with CPRE program precedent and market participant expectation

### Summary:

- Consistent with CPRE Tranches 1-2, Tranche 3 (T3) would proceed as a dedicated Resource Solicitation Cluster (RSC), as provided by NC's interconnection procedures (Section 4.4.2)
- To ensure a stable baseline for interconnection study, the Tranche 3 RSC would:
  - a) Utilize the baseline as established by the projects committed to entering Transitional Cluster Phase 2 ("TC Phase 2 cluster"), which must post substantial interconnection deposits at Milestone 2 (M2)
  - b) To the extent CPRE T3 bids are dependent on network upgrades associated with TC Phase 2 cluster projects, either (1) assign those contingent network upgrades to the relevant T3 bids for purposes of bid scoring, or (2) exclude CPRE T3 bids contingent on substantial network upgrades above a certain cost threshold

## CCEBA CPRE Resource Solicitation Cluster - Proposal

### Process and Timeline

- **Nov/December:** Deadline for Tranche 3 applications and application to RSC.
- **Jan-March:** Tranche 3 shortlist established and bid bonds posted
  - Option #1: Jan. shortlist, followed by initial power flow based on Transitional Cluster base line
  - Option #2: Feb/March shortlist, with no initial power flow
- **Mid-April:** Transitional Cluster (TC) Phase 2 cluster established (M2 deposits posted)
  - April 15 = ~120 calendar days after 12/15/21
- **Mid-April through End-May:** CPRE Tranche 3 cluster finalized
  - Baseline = TC Phase 2 cluster (i.e. all projects that proceed into TC Phase 2)
  - If "clean" projects readily available, timeline for Tranche 3 cluster may be reduced
- **June:** Tranche 3 awards issued
- **July/August:** Tranche 3 PPAs executed
  - Note: objective is to ensure Tranche 3 awards are finalized for purposes of DISIS baseline

## CCEBA CPRE Resource Solicitation Cluster - Proposal

	Resource Solicitation Cluster Scenario	Transitional Cluster Scenario
<b>Bid Deadline</b>	Nov.-Dec. (Flexible)	Nov.
<b>Step 1 Evaluation</b>	Option 1: Dec.-Jan. Option 2: Feb-March	Nov.-April
<b>Step 2 Evaluation</b>	Option 1: Feb-May Option 2: April-May	April-October
<b>PPA Awards</b>	June	October
<b>PPA Execution</b>	July-Aug.	Oct.-Nov.

*If Phase 3 required, PPA awards may be delayed into 2023*

Q&A

Q&A

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Scheduling

## Timing Conflicts & Possible Alternatives

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### Duke Responses - Timing Conflicts and RSC Cluster Study Feasibility

- Phase 2 of Transitional Cluster will almost certainly begin by rerunning the power flow studies from Phase 1. Expected completion of that work is ~5/31/22.
- A resource solicitation cluster power flow study would have to commence after 6/1/22 to have a stable base case.
- DISIS Phase 1 study commences 9/1/22 and requires a stable base case.
- Duke is continuing to investigate the feasibility of a Resource Solicitation Cluster pre-DISIS Cluster 1. Preliminary determination is that it would be infeasible to integrate an additional Cluster between Transitional Cluster and DISIS Cluster 1 without risking adversely impacting the timing or cost of study for non-CPRE projects.

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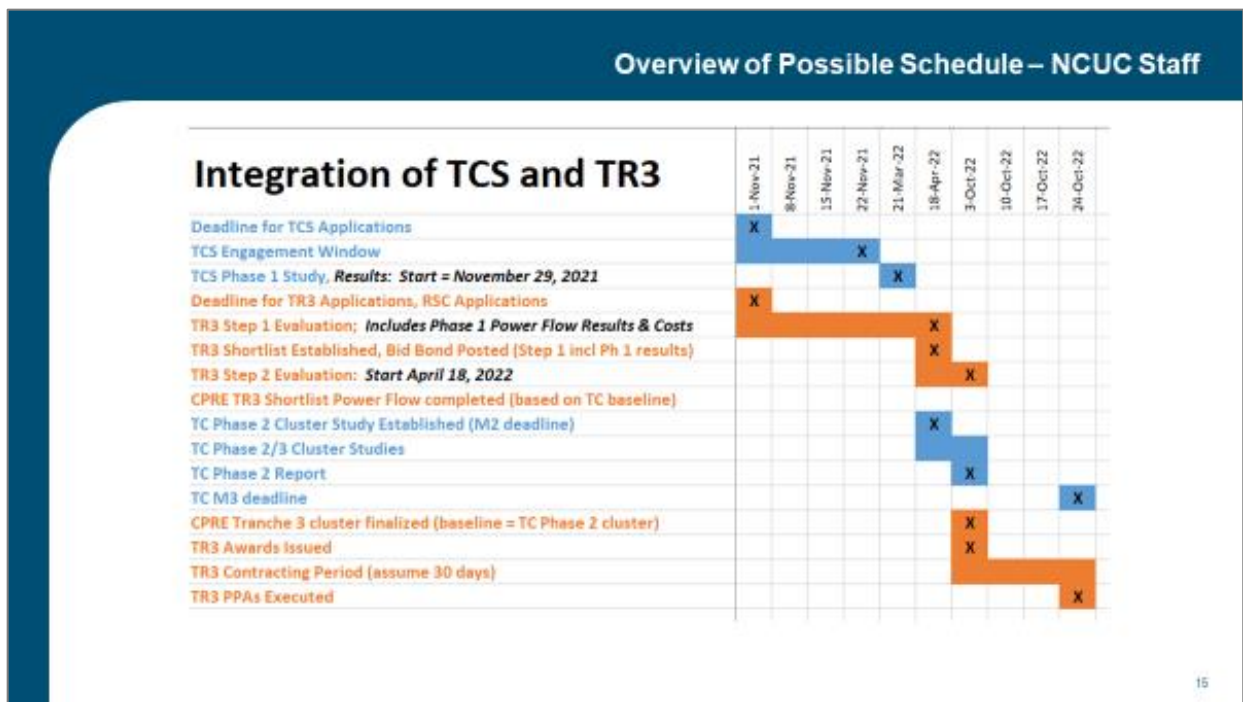
### Duke Proposed Tranche 3 Draft Schedule

- DRAFT SCHEDULE
- Bid date – No later than November 30, 2021
- IA CPRE Step 1 - - 10 days after Phase 1 Completed
  - Phase 1 estimates included in Step 1 evaluation
  - Proposal Security due same day as Phase 2 deposit – March 30, 2022
- IA CPRE Step 2 Evaluation – 14 days after Updated Power Flow Analysis
  - Notification of winners
  - Estimated – June 15, 2022
- PPA execution: 30 days after IA notification of winners
  - Estimated – July 15, 2022

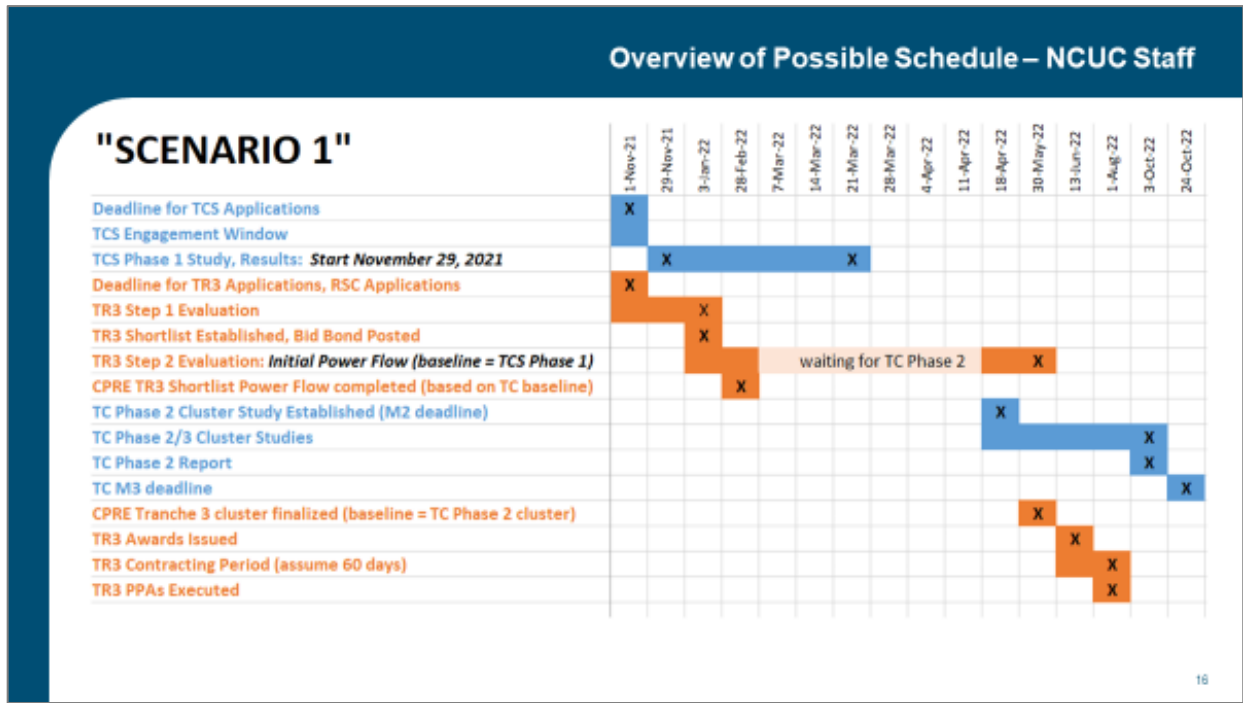
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### Overview of Possible Schedule – NCUC Staff

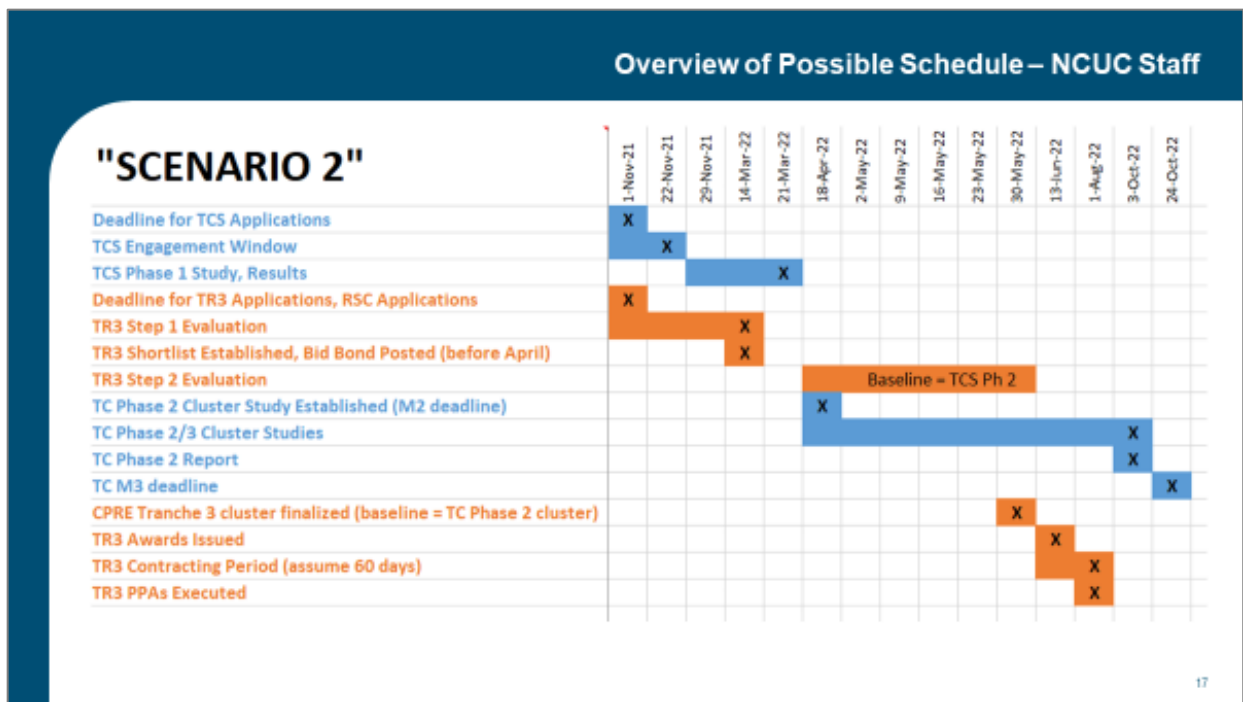
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## Q&A

# Q&A

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## Path Forward?

Duke cannot agree to reopen the Transitional Cluster enrollment:

- Q: Is there agreement among stakeholders that Transitional Cluster is not a favorable path?
  - If yes, is there agreement on another path?
  - If no, what alternative should be taken?

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## IA – Process Status

- ✓ Questions & Responses from first Stakeholder Session Available on the IA Website
- ✓ Draft RFP and Draft RPPA on IA Website Document page
- ✓ Comment period open – please use comment feature on IA Website

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Q&A

## Q&A – OPEN MIC

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Q&A

- You may continue to submit written questions through the IA Website
- Written answers to questions will be posted to the IA Website
- Responses provided during this webinar are preliminary only
  - Written responses posted on the RFP Website are to be used in preparing bids





**ATTACHMENT F**  
**September 24, 2021 Stakeholder Session**  
**Questions & Answers**

September 24, 2021 Stakeholder's Meeting Questions Asked and Answers	
<b>Q1</b>	<p>Question about timing – so phase 2 of transitional cluster we agree will almost certainly see rerunning of the power flows, but I guess the thing we had here was that the resource solicitation cluster that was being proposed was not necessarily dependent upon those re-run power flows, but rather it was using as the base case of the resource solicitation cluster would be all projects that moved into phase 2, so it wouldn't necessarily have to wait until that updated power flow it could be run concurrently? That was my understanding So that's the first question: why wouldn't you just be able to use all projects that paid the M2 as the base case?</p> <p>2nd point is DISIS commencing on September 1, 2022-- that seemed to be perfectly in line with the proposed Resource Solicitation Cluster that would have PPAs awarded in July or August, so maybe you could just speak to those 2 points?</p>
<b>A1</b>	<p>A clear base case needs to be established to run the cluster study; this will be the first time Duke Energy is performing a cluster study under queue reform. The election of projects to move forward via the Transitional Serial or Transitional Cluster study will inform the DISIS base case. Duke continues to evaluate if a resource solicitation cluster can be added into the timeline between Transitional Cluster and DISIS Cluster 1. Assuming an RSC is feasible, the base case would need to be based upon the updated power flow study completed at the beginning of Transitional Cluster Phase 2 and consideration would also needed to be given to de-risking the RSC evaluation to reduce the potential of contingent upgrades if a project withdraws after the commencement of Transitional Cluster Phase 2.</p>
<b>Q2</b>	<p>CPRE T3 projects under the transitional cluster scenario and the limited buyers right...just to better understand that, let's say you bid in a project at \$35 / MWh, you're initially identified as being awarded and then based on the transitional cluster phase 2 re-run you run into a \$10m network upgrade. It gets assigned to your project, and based on the limited number of projects under that scenario, the network upgrade costs pushes it up to say \$45 / MWh, if that fell below the avoided cost rate and that project was still identified for selection, that would be rate based...under the CPRE program terms but then to your point, if that \$45 / MWh was above the avoided cost threshold then there would be a right to terminate the PPA and a right for the supplier to pay on its own for the excess above the avoided cost rate. Is that right?</p>
<b>A2</b>	<p>Yes. This was part of Duke's proposal under consideration when aligning with Transitional Cluster.</p>
<b>Q3</b>	<p>It sounds like what you're proposing to do within the context of the transitional cluster phase 2 is that you would essentially run the power flow that we're talking about for resource solicitation cluster in a sense-- you would just do that as a part of the phase 2, and then would sort of set a definitive end to that run of that power flow for phase 2 and you would put that date at the end of May. So you're sort of pausing phase 2 power flow in order to identify the projects within phase 2 that have bid into Tranche 3 to say okay we're going to take that set and do awards based on whether they look competitive and then you're taking those projects out of the transitional cluster phase 2, you're issuing awards to a subset of those, you're releasing or exiting the rest from phase 2 and then from there the rest of the projects that remain in phase 2 proceed until the end of phase 2, until the definitive report is issued on phase 2 – does that sound right?</p>
<b>A3</b>	<p>If we align Tranche 3 with the Transitional Cluster, yes.</p>



September 24, 2021 Stakeholder’s Meeting Questions Asked and Answers	
<b>Q4</b>	I’m trying to think creatively about how we can use this process to generate asset of conservative upgrade cost assumptions for CPRE projects. Is what I heard you say is the actual process you talked about using the phase 2 projects as a baseline for the resource solicitation cluster but you’re actually going to run a single power flow model with the transition cluster projects that move to phase 2 and also the CPRE projects that are shortlisted so to speak? And that happens at the same time?
<b>A4</b>	If we align Tranche 3 with the Transitional Cluster, Tranche 3 projects would be studied as part of the same Phase 2 power flow analysis. If Tranche 3 is implemented through a separate Resource Solicitation Cluster, then the RSC would be studied as a separate and later Cluster after the Transitional Cluster, as required by NCIP Section 4.4.2.
<b>Q5</b>	I’m going to ask a complicated question. The purpose of the RSC is to generate a set of highly conservative upgrade cost assumptions for the purposes of picking projects. For CPRE projects, are the results any different between these 2 ways of doing things: First run the CPRE – wait until after the phase 2 power flow study is done – and then you run the CPRE power flow study with that as a baseline. But then you assign the costs of all the contingent upgrades to the CPRE projects that rely on them. So you’re running these power flow studies sequentially, but when you go to look at the upgrade costs for those CPRE projects, you are assuming that all of the upgrades that are contingent that were identified in the transition cluster phase 2 study are allocated to those CPRE projects. So that’s one scenario and I think that’s what you guys are saying is necessary if we do an RCS. The second scenario is you run your power flow study, and I think is what you said you guys are going to do if the RCS or if the transition cluster is aligned with CPRE. You run a power flow study with the CPRE projects and the phase 2 transition projects together in that single power flow study using that baseline for the transition cluster, but you allocate the full costs of any upgrades to those CPRE projects. So it’s either you run them sequentially, which is what you guys say is necessary if you do a resource solicitation cluster but you assign the contingent upgrade costs to the CPRE projects, or you run them together and you assign the full costs of all upgrades to the CPRE projects – are the results any different? Either way you’re assigning the full cost of the upgrades to the CPRE projects; if the results are going to be the same for the purposes of generating these conservative cost assumptions, why don’t you do the Resource Solicitation Cluster but do it in a single power flow study with the transition cluster projects and just decide all the cost of the upgrades to the CPRE projects?
<b>A5</b>	<p>Running a single power flow study with CPRE projects mixed in with Transitional Cluster Phase 2 would theoretically produce very similar results as an RSC power flow study layered on top of an earlier TCS Phase 2 power flow for the RSC projects, but not for the TCS projects. If Tranche 3 proceeds as a separate RSC study, the projects in the Transitional Cluster Phase 2 would still need their own separate study and cost allocation without the RSC projects, and this work would take priority to the RSC given the previously established TCS timelines and the Queue Position priority of Transitional Cluster ahead of the RSC.</p> <p>Therefore, combining the RSC with the TCS Phase 2 power flow may appear to be a simplification from the perspective of just the RSC projects, but a separate TCS Phase 2 power flow is absolutely necessary for the TCS projects. The TCS power flow will not only identify the problems but develop the solutions to those problems. If RSC is included with TCS, the solutions to the identified problems may be different and have different costs, even before the allocations.</p> <p>For example, if the presence of the later-queued RSC project triggers the upgrade, the prior-queued project’s in-service date would be impacted even if the upgrades are fully funded by the later-queued project. If Duke proceeds with an RSC, then the RSC shall be treated as a separate Cluster from the Transitional Cluster and shall have a later Queue Position Priority per NCIP Section 4.4.2.</p>

**ATTACHMENT G**  
**October 14, 2021 Stakeholder Session**  
**Identified Companies**

Attachment G: Firms with Participants – October 14, 2021 Stakeholders Session	
Accion Group (IA)	International Paper
Duke Energy	Invenergy
Ameresco	Leeward Renewable Energy
Birdseye Renewable Energy	McGuire Woods
BrightNight Power	NCUC Public Staff
Carolinas Clean Energy Business Association	NextEra Energy Resources, LLC
Crisp Law Firm	Pine Gate Renewables
Cypress Creek Renewables, LLC	Sofos Harbert Renewable Energy
EDF Renewables	Solterra Partners, LLC
Environmental Consulting and Technology, Inc.	Willoughby & Hoefler, P.A.
Fox Rothschild LLP	

ATTACHMENT H  
October 14, 2021 Stakeholder Session  
Presentation

## Duke Energy Competitive Procurement of Renewable Energy (CPRE)

### Tranche 3 Stakeholders Session



*October 14, 2021*

#### Agenda



- Safety Moment & Independent Administrator (IA) Introduction
- Tranche 3 Interconnection Alignment Feedback
  - NCUC Order of October 11, 2021
- Duke Energy possible Resource Solicitation Cluster Framework - timelines and logistics
- CCEBA Proposal
- September 24 Stakeholder Session – Q&A posted to the Accion website
- Q&A

2



## Independent Administrator Introduction



- IA conducting the session as required by the NCUC
  - This session is opportunity to discuss CPRE w/in NCUC Rules
  - Given that Tranche 3 may open very soon, Duke will not have direct exchanges with bidders re CPRE until “Step 2”
- To ask questions, use the “Chat” feature on the webinar control panel
  - Follow up questions encouraged during webinar
  - Use Q&A on RFP website to ask questions > webinar and < bid date
- Written responses to all questions will be posted on RFP website
  - Written responses should be used when preparing Proposals
- Webinar materials will be posted on the RFP website

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## Cluster Study Alignment



- Aligning with Transitional Cluster was only an option if there was significant stakeholder consensus, and there was not significant stakeholder consensus.

NCUC Order from October 11, 2021:

- Granted: Duke’s petition to expand Transitional Cluster eligibility to allow projects that have obtained a CPCN from the Commission by October 31 to be eligible to Transitional Cluster.
- Denied “at this time”: Duke’s petition to align Tranche 3 with the Transitional Cluster by allowing an Interconnection Customer who has submitted an offer into Tranche 3 before the close of the 60-day Transitional Cluster enrollment window to be eligible to enter the Transitional Cluster Study process.
- Duke has moved away from alignment with the Transitional Cluster Study

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## Duke Energy's proposal for creating an RSC



- Adding a Resource Solicitation Cluster creates significant additional complexity to a Cluster Study process that has not yet been completed one time through.
- Duke proposes creating a Resource Solicitation Cluster only in DEC, and therefore limiting Tranche 3 projects to be procured in DEC's territory.
- Why focus on DEC?
  - Overloads in DEP are more widespread and require greater time to design a solution to resolve the overload. This increases the likelihood that there will be new overloads created by the additional generators from the RSC. That complexity subsequently increases the time needed to perform the power flow analysis.
  - There are nearly 160 projects eligible for Transitional Cluster in DEP and only 79 in DEC. Again, the volume in DEP will create greater complexity in processing the RSC.
  - Reasonably aligns with pre-existing market expectations – CPRE Program Plan and prior Tranches allocated vast majority of CPRE Procurement to DEC.

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## Proposed RSC Framework



- IA will complete a Step 1 evaluation prior to the Step 2 RSC power flow, potentially reducing the number of projects studied in RSC power flow.
- RSC power flow study must start after the TCS Phase 2 power flow re-run.
- Once IA has released a bid the project shall lose its RSC queue position held as part of Tranche 3; but can enter future DISIS 1 cluster.
- Projects in the RSC that are contingent on an upgrade from the Transitional Cluster will be evaluated by the IA with the full network upgrade cost allocation of that upgrade.
- If evaluating the projects in this way (with 100% cost of the contingent network upgrades) leads to no projects left below the Avoided Cost Cap threshold, no PPAs will be signed.
- Target PPA execution date is prior to start of DISIS Phase 1 Study.
- Allows new projects to enter the queue to participate in RSC.

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## Duke Energy Proposal for RSC Timeline



Event	Duration	Proposed Dates	
Initial Release of draft RFP documents	60	9/20/2021	11/10/2021
Post updated RFP documents for comment	10	11/9/2021	11/19/2021
File Tranche 3 PPA with NCUC	30	11/30/2021	11/30/2021
Bid Window (30 days)*	30	1/5/2022	2/4/2022
RFP Step 1 ranking	60	2/5/2022	4/6/2022
RSC Customer Engagement Window (30 days)	30	4/7/2022	5/7/2022
CPRE Collateral Window (RFP + study costs)	14	4/7/2022	4/21/2022
<b>TC Phase 2 Power Flow restudy (30-60 days)</b>	<b>45</b>	<b>4/1/2022</b>	<b>5/16/2022</b>
CPRE RSC Cluster Power Flow (30-60 days)	45	5/17/2022	7/1/2022
CPRE Step 2 RFP - *IA Bid Evaluation*	14	7/2/2022	7/16/2022
CPRE Winners announced	1	7/17/2022	7/17/2022
Contract negotiation	30	7/18/2022	8/17/2022
CPRE winners System Impact Study	120	8/18/2022	12/16/2022

Steps completed by the IA

\*Interconnection Portal will be open in January 2022

*Timeline presented is dependent on timely completion of TC Phase 1, TC Phase 2 Power Flow restudy, and CPRE RSC Cluster Power Flow.*

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## RSC – Mitigating Risks to DISIS



- DEC RSC will be designed not to delay multi-jurisdictional alignment of enrollment, customer engagement, and DISIS Phase 1 start date.
- DEC RSC will be designed to provide baseline certainty (or limited known contingencies) for DISIS baseline.
  - Preferred approach has Tranche 3 contracts signed before DISIS Phase 1 begins.
- CPRE projects can also enter the DISIS enrollment window if they so choose and if they receive a CPRE contract, can drop out of DISIS.

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## Resource Solicitation Cluster – CCEBA Proposal



### Goals:

1. Advance the resolution of outstanding issues with CPRE Tranche 3
2. Minimize program complexity and reduce interdependency with non-CPRE projects
3. Maintain consistency with CPRE program precedent and market participant expectation

### Summary:

- Consistent with CPRE Tranches 1-2, Tranche 3 (T3) would proceed as a dedicated Resource Solicitation Cluster (RSC), as provided by NC’s interconnection procedures (Section 4.4.2)
- To ensure a stable baseline for interconnection study, the Tranche 3 RSC would:
  - a) Utilize the baseline as established by the projects committed to entering Transitional Cluster Phase 2 (“TC Phase 2 cluster”), which must post substantial interconnection deposits at Milestone 2 (M2)
  - b) The IA would prioritize selection of projects that are not located in a congested zone and issue awards among that pool of projects.
  - c) If the IA cannot fill the 300 MW tranche with such projects, Duke would develop preliminary network upgrade cost estimates to assign to projects in the congested zone to determine if those bids were still below avoided cost, and if so, would issue awards based on the rank order of those projects.

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## Resource Solicitation Cluster – CCEBA Proposal



### Tranche 3 RFP Schedule

19 Nov 2021	<b>T3 RFP issuance</b>
30 Nov 2021	<b>T3 Bid window closes</b> Consistent with T1 and T2, ICs must submit an interconnection request by the T3 bid deadline. Note: Under RSC, bid window could be extended beyond Nov. 30.
1 Dec 2021 – 20 Feb 2022	<b>T3 Step 1 Evaluation</b> Notice of Competitive Tier Bid Bonds Posted Does not include interconnection study
21 Mar 2022	<b>TCS Phase 1 concludes</b>
18 Apr 2022	<b>TCS Phase 2 Commences (M2 deadline)</b> Note: Phase 2 could commence sooner
18 Apr 2022 - 30 May 2022	<b>T3 Step 2 Evaluation Study</b> TCS Phase 2 projects are included in baseline, i.e. RSC queue position is inferior to TCS cluster. For evaluation purposes, the cost of any contingent upgrade(s) would be assigned to CPRE projects.
13 June 2022	<b>T3 PPA awards issued</b> Unsuccessful bidders are released and may apply to DISIS
July - Aug 2022	<b>T3 PPAs executed</b> Executed PPAs provide firm baseline for DISIS Phase I
1 Sept 2022	<b>DISIS Phase 1 commences</b> TCS final projects and T3 contracted projects included in baseline (T3 selected projects could be used as an alternative)

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## September 24 Stakeholder Session



- Questions and Answers from last Tranche 3 Stakeholder session are now on the IA Website.

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## Q&A



- You may continue to submit written questions through the IA Website
- Written answers to questions will be posted to the IA website
- Responses provided during this webinar are preliminary only
  - Written responses posted on the RFP website are to be used in preparing bids

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**ATTACHMENT I**  
**October 14, 2021 Stakeholder Session**  
**Questions & Answers**

October 14, 2021 Stakeholder’s Meeting Questions Asked and Answers	
<b>Q1</b>	What is the latest date we can have a DEC interconnection to apply to tranche 3?
<b>A1</b>	As proposed during the October 14, 2021 stakeholder session, the Companies are proposing to implement a DEC-only Resource Solicitation Cluster (RSC) in 2022 and not to align Tranche 3 with Transitional Cluster. Accordingly, the latest date to submit a DEC Interconnection Request Application for participation in the DEC RSC will be the end of the 30-day bid window. The bid window is currently proposed to open in January 2022. Final timing will be identified in the CPRE Tranche 3 RFP document.
<b>Q2</b>	Is a CPCN required as well?
<b>A2</b>	No.
<b>Q3</b>	To be clear, are all projects that enter Phase 2 of the Transitional Cluster Study Process (‘TCS’) included in the baseline for the DEC RSC power flow?
<b>A3</b>	Yes, the projects that move forward into the Transitional Cluster Study phase 2 will be in the baseline for the DEC RSC power flow.
<b>Q4</b>	Trying to understand difference between Transition Cluster and RSC Cluster- Is the TC the “whole queue” and the RSC just a subset of the queue, i.e. the projects that bid into the RFP?
<b>A4</b>	The DEC RSC will not be a subset of the Transitional Cluster study (TCS). It will be a separate cluster of projects and is queued behind the TCS.
<b>Q5</b>	What are the requirements to qualify a project to enter the DEC RSC?
<b>A5</b>	The projects will need to submit a DEC Interconnection Request Application to enter the interconnection queue and bid into the CPRE Tranche 3 RFP in the open bid window. Additional requirements will be included in the updated RFP documents at a later date.
<b>Q6</b>	Are South Carolina DEC projects fully eligible for participation in the DEC RSC?
<b>A6</b>	Yes. DEC projects in South Carolina will be eligible to participate in the DEC RSC; see Section 5.3.2 of Appendix Duke CS to the South Carolina Generator Interconnection Procedures, which provides for an RSC similar to NCIP Section 4.4.2.
<b>Q7</b>	Can Duke provide a general explanation of if Duke (DEC or DEP) projects in the FERC interconnection queues will be in the TCS or DEC RSC baseline studies?
<b>A7</b>	Duke projects in the FERC interconnection queues that elected to be Transitional Serial are included in the TCS baseline. Projects that elect to go into TCS phase 2 and meet all financial readiness requirements (this includes FERC, State, Transmission and Distribution projects) will be in the DEC RSC baseline.
<b>Q8</b>	I believe I heard someone state that if you are in the transition cluster and want to join the DEC RSC, you will have to withdraw from the TCS. Can you confirm this is correct?

October 14, 2021 Stakeholder's Meeting Questions Asked and Answers	
<b>A8</b>	<p>Correct. Transitional Cluster Study (TCS) participants that seek to bid into CPRE Tranche 3 and be studied under the DEC Resource Solicitation Cluster (RSC) should (1) withdraw their Interconnection Request(s) from the TCS and (2) submit a DEC Interconnection Request Application for participation in the DEC RSC by the end of the 30 day bid window opening in January 2022. Duke Energy Carolinas (DEC) NC or SC Interconnection Customers interested in participating in the DEC CPRE Tranche 3 RFP are encouraged to withdraw from the TCS before 10/31/21 in order to avoid incurring additional costs from Transitional Cluster work.</p> <p>In addition to costs incurred prior to the queue reform transition, Interconnection Customers that elect into the Transitional Cluster and withdraw:</p> <ul style="list-style-type: none"> <li>- by 10/31 and do not enter the Transitional Cluster will not be assigned pre-Phase 1 or Phase 1 costs.</li> <li>- between 11/1 and 11/30 (before the end of the 30-day Customer Engagement Window) will be allocated a 90/10 share of administrative costs and overheads for the pre-Phase 1 TCS work incurred prior to 11/30. The "90/10" allocations will be determined in accordance with study cost allocations under NCIP Section 4.4.3 and SC GIP Appendix Duke CS Section 5.3.3.</li> <li>- after 11/30 (the close of the Transitional Cluster Phase 1 Customer Engagement Window) will receive a 90/10 share of all Phase 1 costs.</li> </ul> <p>Interconnection Customers that have previously elected to enter TCS may withdraw their election by providing written notice to Duke Energy at <a href="mailto:Interconnectionteam@duke-energy.com">Interconnectionteam@duke-energy.com</a></p>
<b>Q9</b>	Just to clarify, if your facility is a DEP customer are you excluded from the Tranche 3 process at this time since the focus has been directed to DEC?
<b>A9</b>	Only DEC NC and SC Interconnection Requests will be eligible to participate in the DEC RSC.
<b>Q10</b>	When will CCEBA and Duke solidify the DEC RSC schedule?
<b>A10</b>	Duke in coordination with the IA, CCEBA, Public Staff and other stakeholders is targeting mid-November for a final DEC RSC schedule. Another stakeholder meeting is tentatively scheduled for early November. Duke intends to publish updated RFP documents on 11/9/2021 reflecting the updated proposal for a DEC-only RSC study.
<b>Q11</b>	Can DEP projects that already have executed LGIAs participate in Tranche 3?
<b>A11</b>	No. DEP projects will not be able to participate in the Tranche 3 RFP in Duke's proposal. Projects must also be state jurisdictional.
<b>Q12</b>	Does the CCEBA proposal include both DEC and DEP projects?
<b>A12</b>	The CCEBA proposal detailed in 9/24/2021 stakeholder meeting slides did include both DEC and DEP projects.
<b>Q13</b>	Can DEC projects with an existing IA participate in the TCS?
<b>A13</b>	No. DEC projects with an existing IA cannot participate in the TCS.
<b>Q14</b>	Can DEC projects with an existing IA participate in the DEC RSC?
<b>A14</b>	DEC projects with an existing IA that want to enter the DEC RSC will need to (1) withdraw their Interconnection Request, (2) rescind their IA, and (3) submit a DEC Interconnection Request Application for participation in the DEC RSC by the end of the 30 day bid window opening in January 2022.
<b>Q15</b>	Is there an expected date for a final decision on CPRE timeline (aligned with TCS, RSC or DISIS)?
<b>A15</b>	See Answer to Question #10. The Companies plan for the Tranche 3 bid window to open in January 2022.
<b>Q16</b>	What happens if a project joins the TCS and then prior to the DEC RSC bid window closing decides to join the DEC RSC?

October 14, 2021 Stakeholder’s Meeting Questions Asked and Answers	
<b>A16</b>	See response to Question 8. The Interconnection Customer would have to withdraw from TCS in order to submit an Interconnection Request and participate in the RSC. The costs the customer will incur for TCS will depend on the timing of their withdrawal.
<b>Q17</b>	Would DEC RSC upgrades assigned to tranche 3 projects be socialized, as in tranche 1 and 2?
<b>A17</b>	Yes, system upgrades will be treated the same as in tranche 1 and tranche 2.
<b>Q18</b>	One ongoing distinction between the Proposals...in the scenario where the 300 MW DEC Procurement could not be filled by projects that are essentially out of congested zones or have the full cost of interdependent network upgrades assigned to them, that in that scenario...there would be this additional stage, which occurred in Tranche 2 and I believe in Tranche 1 where there was a more refined estimation for the associated network upgrade costs for those interdependent projects in order to rank order them in order to meet the procurement...I think I understand what Duke is proposing, but I don’t know if it’s worth hearing more from Duke if that is off the table or something that could still be considered.
<b>A18</b>	IA Response:  Duke responded during the stakeholder session, addressing the question in the context of the different proposals that were being discussed. With the additional progress in working collaboratively by the parties to provide the NCUC with an agreed process, the question appears to be overtaken by events. The participant is invited to use the Q&A feature on the IA website to ask additional questions.
<b>Q19</b>	I’m still a little unclear...reading from slide 6...the fourth bullet point... “will be evaluated by the IA with the full network upgrade cost allocation of that upgrade.” Is that consistent with or different from what you all did in Tranche 2 and Tranche 1? And if it is different, if there is a potential openness to again if the procurement is not fulfilled on that basis to having some additional flexibility to refine those estimates.
<b>A19</b>	Duke response: The risk of prior-queued projects has been a consideration for all Tranches, it just happens that Tranche 3 RSC has a very large Transitional Cluster process ahead of it and therefore potentially a higher risk of contingent upgrades from prior-queued projects. The proposed RSC design includes all projects that make financial readiness commitments to enter Phase 2 of Transitional Cluster in the RSC study baseline. Based upon the financial commitments made and significant withdrawal penalty risk to enter TCS Phase 2, there is a reasonable expectation that these projects will move forward. However, state jurisdictional projects in Transitional Cluster are not required to fully commit to fund their Network Upgrades until they commit to proceed to Facilities Study. FERC jurisdictional projects are not required to fully commit to fund Network Upgrades until the time that an IA is executed. Accordingly, there is a risk that some Transitional Cluster Phase 2 projects will drop and the Network Upgrades could be re-assigned to RSC projects, but DEC will not have certainty at the time of the RSC Phase 1 evaluation. Therefore CCEBA proposed, and DEC agreed, to identify Network Upgrades assigned to projects in Transitional Cluster baseline as contingent for purposes of assigning Upgrade costs to the Tranche 3 evaluation. Duke will provide the IA the contingent upgrade cost information to assess whether a propose Tranche 3 project will be below the applicable avoided cost threshold and only those found to be below avoided cost at the end of the respective Step 2 evaluation processes would be offered PPAs.

October 14, 2021 Stakeholder's Meeting Questions Asked and Answers	
Q20	Follow up question I had on...what happens if [slide 6 4 <sup>th</sup> bullet point] occurs, you throw in the cost of all the contingent upgrades and everything is above avoided cost--is there a way to avoid a scenario where no PPAs are signed because we were being super conservative? Going back to the timeline...we'll know that certain contingent upgrades will not come to roost on CPRE projects I guess when financial commitments are made by projects in the Transition Cluster that get those upgrades, right? So once those projects make their financial commitments, those upgrades are no longer contingent as a practical matter. So I guess my question is: is that going to happen before PPAs are signed for Tranche 3? Because if it is, then it seems like we can come up with a fallback plan for picking those additional projects that we know are not going to have those higher upgrades.
A20	Duke response: See Response to Q. 19. In the unlikely scenario that no RFP projects are evaluated to be below the Avoided Cost threshold with assigned network upgrades, Duke would not have the authority to sign any PPAs and the remaining CPRE MW would have to be procured at a later date.
Q21	When are the financial commitments going to be made by transitional cluster projects? Those made after Phase 2?
A21	See section 1.10.2.3 of the NC generator interconnection procedures.
Q22	I know Duke is planning to file comments this coming Monday in response to the CCEBA petition. Is Duke planning to file the RSC Proposal in additional details as a part of those comments? The idea being that parties could file anything in response on Friday the 22 <sup>nd</sup> ?
A22	See Duke October 18 filing in Docket Nos. E-2 Sub 1159 & Sub 1156.
Q23	For everyone's benefit, because everyone is coming up to this deadline at the end of the month to elect whether they're going into transitional cluster or not. If they do elect to go in, as backup essentially...if their plan is to go into Tranche 3, their plan is to go into RSC, but not having a definitive decision yet that the Commission has signed off on, as a backup they want to go into the transitional cluster in the meantime....If they exit transitional cluster prior to the commencement of Phase 1 in December, can they expect to not incur fees, even sort of administrative or overhead in nature with respect to their deposit?
A23	A project can remain in the TCS up until it elects to join the RSC, but the timing of when it withdraws from the TCS will impact what costs it may incur. See Question 8 for details.
Q24	Does alignment of CPRE Tranche 3 with the Transitional Cluster remain a possibility? If this is still a possibility, will Duke commit to provide stakeholders with confirmation of this CPRE requirement before the October 31, 2021 deadline to meet the requirements to join the Transitional Cluster?
A24	Duke filed comments with the NCUC on 10/18/2021 explaining that aligning Tranche 3 with the Transitional Cluster is no longer feasible. Duke is now offering an RSC option in DEC to try to address stakeholders' concerns.

**ATTACHMENT J**  
**November 4, 2021 Stakeholder Session**  
**Identified Companies**

Attachment J: Firms with Participants – November 4, 2021 Stakeholders Session	
Accion Group (IA)	Meridian Energy
Duke Energy	NCUC Public Staff
Capital Power	NextEra Energy Resources, LLC
Carolinas Clean Energy Business Association	Oriden Power
Crisp Law Firm	Palladium Energy, LLC
Cypress Creek Renewables, LLC	Pine Gate Renewables
Fox Rothschild LLP	Silicon Ranch Corporation
International Paper	Sofos Harbert Renewable Energy
Leeward Renewable Energy	Solterra Partners, LLC
McGuire Woods	

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ATTACHMENT K  
November 4, 2021 Stakeholder Session  
Presentation

## Duke Energy Competitive Procurement of Renewable Energy (CPRE)

### Tranche 3 Stakeholders Session #4



*November 4, 2021*

#### Agenda



- Safety Moment
  - Daylight Savings Time
- Independent Administrator (IA) Introduction
- Duke Update
  - CPRE Tranche 3 and Transitional Cluster Study (TCS)
  - Duke Update RSC for CPRE Tranche 3
  - RSC Framework and Request for Proposal (RFP)
  - RSC CPRE Tranche 3 Example – 50MW
- Public Staff – Affected Systems and the RSC
- Q&A

2



## Independent Administrator Introduction



- IA conducting the session as required by the NCUC
  - Tranche 3 open – Duke Evaluation Team will not have direct exchanges with bidders until “Step 2” completed
- To ask questions, use the “Chat” feature on the webinar control panel
  - Follow up questions encouraged during webinar
  - Use Q&A on RFP website to ask questions > webinar and < bid date
- Written responses to all questions will be posted on RFP website
  - Written responses should be used when preparing Proposals
- Webinar materials will be posted on the RFP website

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## Duke Update – CPRE Tranche 3 and TCS



Notice was made on 10/26/2021 for projects electing to participate in the Resource Solicitation Cluster to exit the Transitional Cluster:

*Duke Energy is providing this communication to advise Interconnection Customers evaluating whether to enter the Transitional Cluster Study (TCS) that CPRE Tranche 3 will not be aligned with TCS. Duke Energy Carolinas (DEC) NC or SC Interconnection Customers interested in participating in the DEC CPRE Tranche 3 RFP are encouraged to withdraw from the TCS before 10/31/21 in order to avoid incurring additional costs from Transitional Cluster work.*

*In addition to costs incurred prior to the queue reform transition, Interconnection Customers that elect into the Transitional Cluster and withdraw:*

- *by 10/31 and do not enter the Transitional Cluster will not be assigned pre-Phase 1 or Phase 1 costs.*
- *between 11/1 and 11/30 (before the end of the 30-day Customer Engagement Window) will be allocated a 90/10 share of administrative costs and overheads for the pre-Phase 1 TCS work incurred prior to 11/30. The “90/10” allocations will be determined in accordance with study cost allocations under NCIP Section 4.4.3 and SC GIP Appendix Duke CS Section 5.3.3.*
- *after 11/30 (the close of the Transitional Cluster Phase 1 Customer Engagement Window) will receive a 90/10 share of all Phase 1 costs.*

*Interconnection Customers that have previously elected to enter TCS may withdraw their election by providing written notice to Duke Energy at [Interconnectionteam@duke-energy.com](mailto:Interconnectionteam@duke-energy.com)*

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## Duke Update – Planned RSC for CPRE Tranche 3



- Duke has achieved general consensus with CCEBA to administer a DEC-only Resource Solicitation Cluster (RSC) and to hold DEC-only procurement for remaining ~300 MW CPRE Tranche 3 need
- Duke team is moving forward to develop the DEC RSC for CPRE Tranche 3
- An updated version of the RFP document will be posted 11/11/2021 for comments by 11/22/2021
- Each bid proposal will require a new Interconnection Request during the bid window to be studied in RSC
- Locational Guidance map will be updated for DEC

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## Duke Energy Proposal for DEC RSC Timeline



Milestone	Duration	Proposal 1	
Release of RFP documents		9/20/2021	
Release updated RFP documents		11/11/2021	
Second Comment window	11	11/11/2021	11/22/2021
PPA filed with NCUC		11/24/2021	
Bid Window (30 days)*	30	1/5/2022	2/3/2022
RFP Step 1 ranking	54	2/4/2022	3/31/2022
CPRE Collateral Window (RFP + study costs)	14	4/1/2022	4/14/2022
RSC Customer Engagement Window (30 days)	30	4/1/2022	4/30/2022
TC Phase 2 Power Flow restudy (30-60 days)	45	4/1/2022	5/16/2022
CPRE RSC Cluster Power Flow (30-60 days)	45	5/17/2022	6/30/2022
CPRE Step 2 RFP - *IA Step*	14	7/1/2022	7/14/2022
CPRE Winners announced	1	7/15/2022	
Contract negotiation	30	7/15/2022	8/13/2022
CPRE winners Phase 2 System Impact Study	120	8/14/2022	1/10/2023

*Timeline presented is dependent on timely completion of TC Phase 1, TC Phase 2 Power Flow restudy, and CPRE RSC Cluster Power Flow.*

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## Duke Update – RSC Framework & RFP



- IA will complete a Step 1 evaluation prior to the Step 2 RSC power flow. Only short-list projects will proceed to Step 2 RSC power flow.
- RSC power flow study must start after the TCS Phase 2 power flow re-run.
- Once IA has released a bid the project shall lose its RSC queue position held as part of Tranche 3; but can enter DISIS 1 cluster.
- Projects in the RSC that are contingent on an upgrade from the Transitional Cluster will be evaluated by the IA with the full network upgrade cost allocation of that upgrade.
- If evaluating the projects in this way (with 100% cost of the contingent network upgrades) leads to no projects left below the Avoided Cost Cap threshold, no PPAs will be signed.
- Target PPA execution date is prior to start of DISIS Phase 1 Study to ensure Tranche 3 winners studied in RSC are in DISIS Cluster 1 baseline.

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## Tranche 3 Bid Window



- January 5 – February 3<sup>rd</sup> at noon EST, 2022
- Each proposal must have its own Interconnection Request and Queue Number, and Queue Number is a required field in the Bid form.
- Bid deposit fee (\$500/MW up to \$10,000) is required for the RFP (to IA)
- RSC study deposit is required for the Interconnection Request (to DEC).
  - 1) \$20,000 plus one dollar (\$1.00) per kWac of capacity specified in the Interconnection Request Application Form for all Interconnection Requests that are less than 20 MW;
  - 2) \$35,000 plus one dollar (\$1.00) per kWac for Interconnection Requests that are between 20 MW and 50 MW;
  - 3) \$50,000 plus one dollar (\$1.00) per kWac for all Interconnection Requests greater than 50 MW.)

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## Customer Engagement Window



- At the conclusion of the IA's Step 1 ranking (target 3/31/22), the RSC will commence a 30 day Customer Engagement Window.
- Those projects that the IA does not release at the end of Step 1 must meet both RFP security requirements and RSC Phase 1 security requirements.
- DEC will provide a document with information including Interconnection Requests for that Cluster with location, T or D substations or lines, and type of facility (per NCIP 4.4.1).
- To participate in Phase 1, Interconnecting Customer shall:
  - i. (i) execute a DISIS Agreement pursuant to Section 4.4.5.1;
  - ii. (ii) provide initial security equal to one (1) times the Section 1.5.1.2 study deposit amount to enter the RSC;
  - iii. (iii) provide Reasonable evidence the project is offering to sell its output through a Resource Solicitation Process (met through IA Step 1 short-listing).
- Any proposal released by the IA from the Tranche 3 RFP at any stage will be withdrawn from the RSC. (NCIP 4.4.2)

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## RSC CPRE Tranche 3 Example – 50MW project



2/3/22	RSC Study Deposit due with Interconnection Request \$35,000 + \$1.00/kWAC * 50,000kWAC	= \$85,000
2/3/22	Proposal Fee (to the IA) \$500/MW or max \$10,000	= \$10,000
4/30/22	RSC "M1" security to Duke for Step 2/Phase 1 Study (1X Study deposit)	= \$85,000
4/14/22	Step 2 Proposal Security (to the IA) \$20/kW * 50,000kWAC – Phase 1 RSC security	= \$915,000
	<b>Total</b> \$95,000 cash + \$915,000 security + \$85,000 security	<b>= \$1,095,000</b>

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## RSC Phase 1 Study



- Commences after the TCS Phase 2 power flow re-run is complete and after the Customer Engagement Window closes.
- Consists of a power flow and voltage analysis consistent with DISIS Phase 1.
- RSC base case will include the projects that commit to move into the Phase 2 Transitional Cluster Study.
- Each RSC project that is contingent upon upgrades identified in the TCS updated Phase 2 power flow study will have the full cost of those upgrades it is contingent upon included in their RSC Phase 1 system upgrade estimate.
- System upgrades identified from RSC proposals (additive to TCS) will have their costs allocated as stated in NCIP 4.4.4. The IA may consider the interdependencies within the RSC in evaluating the risk of the projects.
- If an Affected System is flagged by DEC, the Affected System would have to respond to the request and establish that the study is not needed for the proposal to proceed. Otherwise, the proposal will be withdrawn from the RSC.

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## RSC Phase 2 Study



- Commences after the deadline for PPAs to be signed (target 8/13/22). Only those projects with executed PPAs continue into RSC Phase 2.
- From this point on, RSC will continue to follow and align with the timelines and procedures established for DISIS clusters.
- Phase 2 studies will no longer assume the 100% allocation of TCS system upgrades to the remaining projects and will follow the NCIP 4.4.4 process for allocating System Upgrades. The RSC Phase 2 Report will provide the definitive identification of upgrades and contingent facilities for the PPA winners.

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## Affected System Impacts and Tranche 3

- Public Staff is concerned about the potential for projects in the Transitional Cluster Study (TCS) and/or the Resource Solicitation Cluster (RSC) for Tranche 3 to cause or be dependent upon **Affected System Upgrades (ASU)**.
  - Affected System: an electric system other than the transmission provider's transmission system that may be affected by a proposed interconnection or on which a proposed interconnection or addition of facilities or upgrades may require modifications or upgrades to the transmission system.
- TCS and RCS timelines are stringent; RSC baseline depends upon timely completion of TCS Phase 2 power flow study update.
- The TCS Phase 1 study may identify projects that have potential Affected System impacts; but the Affected System Study process can take between 60-90 days, maybe longer, and may not be completed before M2 payments are due.
- Some projects may be notified of potential ASU, but will not know of the cost before being required to post M2 payment to proceed to Phase 2.

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## Affected System Impacts and Tranche 3

- Two potential issues:
  - TCS projects that proceed to Phase 2 may trigger ASU that RSC projects are dependent upon. Those TCS projects may drop out of the TCS if the ASU costs are significant.
  - RSC projects may trigger ASU, or may be assigned cost responsibility for ASU after the TCS project that originally triggered the ASU withdraws.
- Specific to the RSC and Tranche 3: CPRE projects will need to be evaluated and ranked without consideration of the cost of ASU.
- This can result in sub-optimal selection of CPRE projects, or the potential that a CPRE project with the ASU costs would be over the avoided cost cap.

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## Affected System Impacts and Tranche 3

- It is possible that there may be no Affected System impacts from either the TCS or RSC; but the Public Staff would rather plan for the worst and hope for the best for an optimal selection of resources for ratepayers.
- Provide clarity to TCS and RSC participants and inform stakeholders of dependencies and timelines, when ASU evaluation is triggered, and milestone payments.
- Public Staff has considered two potential solutions, and is seeking stakeholder feedback.

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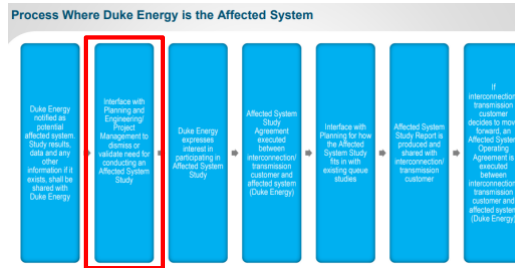
## Proposed Mitigation Option 1

- Duke generates an updated Constrained Infrastructure List prior to Tranche 3.
- As part of this list, Duke identifies a subset of the Constrained Infrastructure List consisting of infrastructure that is reasonably determined to have the potential to impact Affected Systems or to be impacted by generation in Affected Utilities. Should be based upon reasonable engineering judgement and include projects within the TCS.
- **Generation projects connected to this subset of the Constrained Infrastructure List cannot bid into Tranche 3.**
- Likely the simplest method, but would potentially be overly conservative. Could potentially disqualify projects that might never actually have triggered ASU.

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# Proposed Mitigation Option 2

- After an RSC or TCS project is flagged for potential Affected System Impacts, Duke initiates an initial investigation to dismiss or validate the need for an Affected System Study.



- If Duke or Affected Utility determines there is a need for an Affected System Study in either the TCS or RSC, the dependent RSC project is removed from Tranche 3 consideration. The actual Affected System Study does not need to be completed for the RSC project.

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## Prior Stakeholder Sessions



- Questions and Answers from all prior Tranche 3 Stakeholder sessions are on the IA Website
- Q&A from this session will be posted
  - Rely on written responses when preparing bids

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## Q&A



- You may continue to submit written questions through the IA Website
- Written answers to questions will be posted to the IA website
- Responses provided during this webinar are preliminary only
  - Written responses posted on the RFP website are to be used in preparing bids

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**ATTACHMENT L  
November 4, 2021 Stakeholder Session  
Questions Asked**

At the time of this report responses to the November 4<sup>th</sup> Stakeholder Session questions were still being written by Duke and the Public Staff. The questions below were transcribed from the recording of the November 4<sup>th</sup> webinar.

November 4, 2021 Stakeholder’s Meeting Questions Asked	
<b>Q1</b>	What are the RSC security requirements? I don't think any are specified in the procedures. Where these RSC security values are coming from?
<b>Q2</b>	CPRE Winners are planned to be announced by 7/15/22. DISIS enrollment ends 6/30/22. How can projects that are being considered in CPRE Step 2, but are notified that they are not selected as a CPRE winner on 7/15, enter the DISIS? Are they allowed to enter DISIS while still being considered in the RSC?
<b>Q3</b>	Follow up about approach to affected systems...it seems like, setting aside DEP as an affected system, this 45-day response period is potentially problematic because you don’t have any control over the response from other systems and just knowing how affected system studies usually go, I wouldn’t anticipate a response from anybody within 45 days. Are there particular systems you’re concerned about, and why do we care about them?
<b>Q4</b>	Have there been any CPRE awardees, or even shortlisted projects, that have had affected system impacts to date?
<b>Q5</b>	What is [Staff’s] thinking on why [affected systems] would be a problem?
<b>Q6</b>	What was the pathway of the [Tranche 1 and 2] affected system?
<b>Q7</b>	What is the Public Staff’s [affected systems] concern? Is it a timing concern or some other consideration?
<b>Q8</b>	We were just talking about RSC, which is probably an even smaller group of projects than Tranche 1 or Tranche 2 given its size, so how is TCS relevant to the conversation we’re having about RSC? Follow-up: Are you suggesting that when you move into the RSC on the timeline proposed here that the baseline is not going to be adequately established because there may be so many affected system impacts that the study of those won’t have been completed? Trying to understand what [the Staff’s] concern is from a ratepayer protection standpoint?
<b>Q9</b>	Given that one of the ground rules is that all interdependent costs for a Tranche 3 bidder...any interdependent costs are attributed to that bid, and the Public Staff’s point is that those costs may not be fully known if there an affected system impact that has not been fully studied, so now you have this attributed baseline to the Tranche 3 bidder that is unknown and potentially larger than it would otherwise be because of the potential to include affected systems costs?
<b>Q10</b>	Looking at Public Staff’s option 2 where this is an initial flag and then a further evaluation--would love to explore that more. I’ve read as many affected system studies as are publicly available from Duke, and it seems from that sample that affected system impacts are frequently flagged but at least as between DEP and DEC, seldom result in system upgrades being necessary. That’s a pretty limited sample...but my impression is that there’s a lot of flagging and not a lot of response from affected systems and not a lot of costs actually being required at the end of the day. My understanding is that one of the reasons the Public Staff is raising this issue now is there’s concern that with greater penetration, incidence of actual upgrade costs may be going up. Would love to hear from Duke about their view on how often they have seen potential system impacts get flagged versus how often those actually turn into upgrade costs? ...If potential impacts get flagged a lot, then I would be cautious about any approach that results in a lot of disqualifications given that that initial flag or screen may be pretty conservative.



November 4, 2021 Stakeholder's Meeting Questions Asked	
Q11	Thinking about the potentially affected systems...who are the folks from whom you may need to get responses within 45 days?
Q12	My understanding is that the interconnecting utility may have a different test or different level of stringency on their...the test they use or the methods they use to flag the affected system upgrades than the potentially affected system does. How stringent is Duke's test for flagging affected system impacts versus the potentially affected systems? Is it a pretty stringent test? Know it's a pretty subjective question.
Q13	Thinking about the Public Staff's Option 2 where there's a possibility that an affected system impact would be flagged initially, I guess using the usual criteria and then evaluated by Duke further...is that a practical way to doing that? Is there a way of something you could do to drill down on the potential for impact? Is that technically workable?

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Accion Group Report of the Independent Administrator as filed in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, was served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 2<sup>nd</sup> day of December, 2021.

/s/E. Brett Breitschwerdt

E. Brett Breitschwerdt  
McGuireWoods LLP  
501 Fayetteville Street, Suite 500  
PO Box 27507 (27611)  
Raleigh, North Carolina 27601  
Telephone: (919) 755-6563  
bbreitschwerdt@mcguirewoods.com

*Attorney for Duke Energy Carolinas, LLC  
and Duke Energy Progress, LLC*